

–CITE–

26 USC Sec. 6672 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6672. Failure to collect and pay over tax, or attempt to evade  
or defeat tax

–STATUTE–

(a) General rule

Any person required to collect, truthfully account for, and pay  
over any tax imposed by this title who willfully fails to collect  
such tax, or truthfully account for and pay over such tax, or  
willfully attempts in any manner to evade or defeat any such tax or  
the payment thereof, shall, in addition to other penalties provided  
by law, be liable to a penalty equal to the total amount of the tax  
evaded, or not collected, or not accounted for and paid over. No  
penalty shall be imposed under section 6653 or part II of  
subchapter A of chapter 68 for any offense to which this section is  
applicable.

(b) Preliminary notice requirement

(1) In general

No penalty shall be imposed under subsection (a) unless the Secretary notifies the taxpayer in writing by mail to an address as determined under section 6212(b) or in person that the taxpayer shall be subject to an assessment of such penalty.

(2) Timing of notice

The mailing of the notice described in paragraph (1) (or, in the case of such a notice delivered in person, such delivery) shall precede any notice and demand of any penalty under subsection (a) by at least 60 days.

(3) Statute of limitations

If a notice described in paragraph (1) with respect to any penalty is mailed or delivered in person before the expiration of the period provided by section 6501 for the assessment of such penalty (determined without regard to this paragraph), the period provided by such section for the assessment of such penalty shall not expire before the later of –

(A) the date 90 days after the date on which such notice was mailed or delivered in person, or

(B) if there is a timely protest of the proposed assessment, the date 30 days after the Secretary makes a final administrative determination with respect to such protest.

(4) Exception for jeopardy

This subsection shall not apply if the Secretary finds that the collection of the penalty is in jeopardy.

(c) Extension of period of collection where bond is filed

(1) In general

If, within 30 days after the day on which notice and demand of any penalty under subsection (a) is made against any person, such person –

(A) pays an amount which is not less than the minimum amount required to commence a proceeding in court with respect to his liability for such penalty,

(B) files a claim for refund of the amount so paid, and

(C) furnishes a bond which meets the requirements of paragraph (3),

no levy or proceeding in court for the collection of the remainder of such penalty shall be made, begun, or prosecuted until a final resolution of a proceeding begun as provided in paragraph (2). Notwithstanding the provisions of section 7421(a), the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court. Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2).

(2) Suit must be brought to determine liability for penalty

If, within 30 days after the day on which his claim for refund with respect to any penalty under subsection (a) is denied, the person described in paragraph (1) fails to begin a proceeding in the appropriate United States district court (or in the Court of Claims) (!1) for the determination of his liability for such penalty, paragraph (1) shall cease to apply with respect to such

penalty, effective on the day following the close of the 30-day period referred to in this paragraph.

(3) Bond

The bond referred to in paragraph (1) shall be in such form and with such sureties as the Secretary may by regulations prescribe and shall be in an amount equal to 1 1/2 times the amount of excess of the penalty assessed over the payment described in paragraph (1).

(4) Suspension of running of period of limitations on collection

The running of the period of limitations provided in section 6502 on the collection by levy or by a proceeding in court in respect of any penalty described in paragraph (1) shall be suspended for the period during which the Secretary is prohibited from collecting by levy or a proceeding in court.

(5) Jeopardy collection

If the Secretary makes a finding that the collection of the penalty is in jeopardy, nothing in this subsection shall prevent the immediate collection of such penalty.

(d) Right of contribution where more than 1 person liable for penalty

If more than 1 person is liable for the penalty under subsection

(a) with respect to any tax, each person who paid such penalty shall be entitled to recover from other persons who are liable for such penalty an amount equal to the excess of the amount paid by such person over such person's proportionate share of the penalty.

Any claim for such a recovery may be made only in a proceeding

which is separate from, and is not joined or consolidated with –

(1) an action for collection of such penalty brought by the United States, or

(2) a proceeding in which the United States files a counterclaim or third-party complaint for the collection of such penalty.

(e) Exception for voluntary board members of tax-exempt organizations

No penalty shall be imposed by subsection (a) on any unpaid, volunteer member of any board of trustees or directors of an organization exempt from tax under subtitle A if such member –

(1) is solely serving in an honorary capacity,

(2) does not participate in the day-to-day or financial operations of the organization, and

(3) does not have actual knowledge of the failure on which such penalty is imposed.

The preceding sentence shall not apply if it results in no person being liable for the penalty imposed by subsection (a).

–SOURCE–

(Aug. 16, 1954, ch. 736, 68A Stat. 828; Pub. L. 95–628, Sec. 9(a), Nov. 10, 1978, 92 Stat. 3633; Pub. L. 101–239, title VII, Secs. 7721(c)(9), 7737(a), Dec. 19, 1989, 103 Stat. 2400, 2404; Pub. L. 104–168, title IX, Secs. 901(a), 903(a), 904(a), July 30, 1996, 110 Stat. 1465–1467; Pub. L. 105–206, title III, Sec. 3307(a), (b), July 22, 1998, 112 Stat. 744.)

–REFTEXT–

## REFERENCES IN TEXT

The Court of Claims, referred to in subsec. (c)(2), and the United States Court of Customs and Patent Appeals were merged effective Oct. 1, 1982, into a new United States Court of Appeals for the Federal Circuit by Pub. L. 97-164, Apr. 2, 1982, 96 Stat. 25, which also created a United States Claims Court [now United States Court of Federal Claims] that inherited the trial jurisdiction of the Court of Claims. See sections 48, 171 et seq., 791 et seq., and 1491 et seq. of Title 28, Judiciary and Judicial Procedure.

–MISC1–

## AMENDMENTS

1998 – Subsec. (b)(1). Pub. L. 105-206, Sec. 3307(a), inserted "or in person" after "section 6212(b)".

Subsec. (b)(2). Pub. L. 105-206, Sec. 3307(b)(1), inserted "(or, in the case of such a notice delivered in person, such delivery)" after "paragraph (1)".

Subsec. (b)(3). Pub. L. 105-206, Sec. 3307(b)(2), inserted "or delivered in person" after "mailed" in introductory provisions and in subpar. (A).

1996 – Subsecs. (b), (c). Pub. L. 104-168, Sec. 901(a), added subsec. (b) and redesignated former subsec. (b) as (c).

Subsec. (d). Pub. L. 104-168, Sec. 903(a), added subsec. (d).

Subsec. (e). Pub. L. 104-168, Sec. 904(a), added subsec. (e).

1989 – Subsec. (a). Pub. L. 101-239, Sec. 7721(c)(9), inserted "or part II of subchapter A of chapter 68" after "under section

6653".

Subsec. (b)(1). Pub. L. 101–239, Sec. 7737(a), inserted at end

"Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2)."

1978 – Pub. L. 95–628 designated existing provisions as subsec.

(a), added subsec. (a) heading, and added subsec. (b).

#### EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105–206, title III, Sec. 3307(c), July 22, 1998, 112

Stat. 744, provided that: "The amendments made by this section

[amending this section] shall take effect on the date of the enactment of this Act [July 22, 1998]."

#### EFFECTIVE DATE OF 1996 AMENDMENT

Section 901(b) of Pub. L. 104–168 provided that: "The amendment made by subsection (a) [amending this section] shall apply to proposed assessments made after June 30, 1996."

Section 903(b) of Pub. L. 104–168 provided that: "The amendment made by subsection (a) [amending this section] shall apply to penalties assessed after the date of the enactment of this Act [July 30, 1996]."

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by section 7721(c)(9) of Pub. L. 101–239 applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7721(d) of Pub. L. 101–239, set out as a note under section 461 of this title.

Section 7737(b) of Pub. L. 101–239 provided that: "The amendment

made by subsection (a) [amending this section and sections 6694 and 6703 of this title] shall take effect on the date of the enactment of this Act [Dec. 19, 1989]."

#### EFFECTIVE DATE OF 1978 AMENDMENT

Section 9(c) of Pub. L. 95–628 provided that: "The amendments made by this section [amending this section and sections 7103 and 7421 of this title] shall apply with respect to penalties assessed more than 60 days after the date of the enactment of this Act [Nov. 10, 1978]."

#### PUBLIC INFORMATION TO ENSURE EMPLOYEE AWARENESS OF RESPONSIBILITIES AND LIABILITIES UNDER TAX DEPOSITORY SYSTEM

Section 904(b) of Pub. L. 104–168 provided that:

"(1) In general. – The Secretary of the Treasury or the Secretary's delegate (hereafter in this subsection referred to as the 'Secretary') shall take such actions as may be appropriate to ensure that employees are aware of their responsibilities under the Federal tax depository system, the circumstances under which employees may be liable for the penalty imposed by section 6672 of the Internal Revenue Code of 1986, and the responsibility to promptly report to the Internal Revenue Service any failure referred to in subsection (a) of such section 6672. Such actions shall include –

"(A) printing of a warning on deposit coupon booklets and the appropriate tax returns that certain employees may be liable for the penalty imposed by such section 6672, and

"(B) the development of a special information packet.

"(2) Development of explanatory materials. – The Secretary shall develop materials explaining the circumstances under which board members of tax–exempt organizations (including voluntary and honorary members) may be subject to penalty under section 6672 of such Code. Such materials shall be made available to tax–exempt organizations.

"(3) IRS instructions. – The Secretary shall clarify the instructions to Internal Revenue Service employees on the application of the penalty under section 6672 of such Code with regard to voluntary members of boards of trustees or directors of tax–exempt organizations."

–SECRET–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6050C, 6103, 6331, 7103, 7421, 7501 of this title; title 20 section 1099c.

–FOOTNOTE–

(!1) See References in Text note below.

–End–

–CITE–

26 USC Sec. 6673 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

#### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

#### ASSESSABLE PENALTIES

#### Subchapter B – Assessable Penalties

## PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6673. Sanctions and costs awarded by courts

–STATUTE–

(a) Tax court proceedings

(1) Procedures instituted primarily for delay, etc.

Whenever it appears to the Tax Court that –

(A) proceedings before it have been instituted or maintained

by the taxpayer primarily for delay,

(B) the taxpayer's position in such proceeding is frivolous

or groundless, or

(C) the taxpayer unreasonably failed to pursue available

administrative remedies,

the Tax Court, in its decision, may require the taxpayer to pay

to the United States a penalty not in excess of \$25,000.

(2) Counsel's liability for excessive costs

Whenever it appears to the Tax Court that any attorney or other

person admitted to practice before the Tax Court has multiplied

the proceedings in any case unreasonably and vexatiously, the Tax

Court may require –

(A) that such attorney or other person pay personally the

excess costs, expenses, and attorneys' fees reasonably incurred

because of such conduct, or

(B) if such attorney is appearing on behalf of the

Commissioner of Internal Revenue, that the United States pay

such excess costs, expenses, and attorneys' fees in the same

manner as such an award by a district court.

(b) Proceedings in other courts

(1) Claims under section 7433

Whenever it appears to the court that the taxpayer's position in the proceedings before the court instituted or maintained by such taxpayer under section 7433 is frivolous or groundless, the court may require the taxpayer to pay to the United States a penalty not in excess of \$10,000.

(2) Collection of sanctions and costs

In any civil proceeding before any court (other than the Tax Court) which is brought by or against the United States in connection with the determination, collection, or refund of any tax, interest, or penalty under this title, any monetary sanctions, penalties, or costs awarded by the court to the United States may be assessed by the Secretary and, upon notice and demand, may be collected in the same manner as a tax.

(3) Sanctions and costs awarded by a court of appeals

In connection with any appeal from a proceeding in the Tax Court or a civil proceeding described in paragraph (2), an order of a United States Court of Appeals or the Supreme Court awarding monetary sanctions, penalties or court costs to the United States may be registered in a district court upon filing a certified copy of such order and shall be enforceable as other district court judgments. Any such sanctions, penalties, or costs may be assessed by the Secretary and, upon notice and demand, may be collected in the same manner as a tax.

–SOURCE–

(Aug. 16, 1954, ch. 736, 68A Stat. 828; Pub. L. 94–455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 97–248, title II, Sec. 292(b), (d)(2)(A), Sept. 3, 1982, 96 Stat. 574; Pub. L. 99–514, title XV, Sec. 1552(a), Oct. 22, 1986, 100 Stat. 2753; Pub. L. 100–647, title VI, Sec. 6241(b), Nov. 10, 1988, 102 Stat. 3748; Pub. L. 101–239, title VII, Sec. 7731(a), Dec. 19, 1989, 103 Stat. 2400.)

–MISC1–

AMENDMENTS

1989 – Pub. L. 101–239 substituted "Sanctions and costs awarded by courts" for "Damages assessable for instituting proceedings before the Court primarily for delay, etc." in section catchline and amended text generally, making changes in substance and structure of subsecs. (a) and (b).

1988 – Pub. L. 100–647 struck out "Tax" after "before the" in section catchline, designated existing provisions as subsec. (a), and added subsec. (b).

1986 – Pub. L. 99–514 substituted ", that the taxpayer's position in such proceeding is frivolous or groundless, or that the taxpayer unreasonably failed to pursue available administrative remedies" for "or that the taxpayer's position in such proceedings is frivolous or groundless".

1982 – Pub. L. 97–248, Sec. 292(d)(2)(A), substituted "primarily for delay, etc." for "merely for delay" after "Tax Court" in section catchline.

Subsec. (a). Pub. L. 97–248, Sec. 292(b), substituted "or maintained by the taxpayer primarily for delay or that the taxpayer's position in such proceedings is frivolous or groundless, damages in an amount not in excess of \$5,000" for "by the taxpayer merely for delay, damages in an amount not in excess of \$500" in first sentence.

1976 – Pub. L. 94–455 struck out "or his delegate" after "Secretary".

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7731(d) of Pub. L. 101–239 provided that: "The amendments made by this section [amending this section and section 7482 of this title] shall apply to positions taken after December 31, 1989, in proceedings which are pending on, or commenced after such date."

#### EFFECTIVE DATE OF 1988 AMENDMENT

Section 6241(d) of Pub. L. 100–647 provided that: "The amendments made by this section [enacting section 7433 of this title and amending this section] shall apply to actions by officers or employees of the Internal Revenue Service after the date of the enactment of this Act [Nov. 10, 1988]."

#### EFFECTIVE DATE OF 1986 AMENDMENT

Section 1552(b) of Pub. L. 99–514 provided that: "The amendment made by subsection (a) [amending this section] shall apply to proceedings commenced after the date of the enactment of this Act [Oct. 22, 1986]."

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by Pub. L. 97–248 applicable to any action or

proceeding in the Tax Court commenced after Dec. 31, 1982, or pending in the Tax Court on the day 120 days after July 18, 1984, see section 292(e)(2) of Pub. L. 97-248, as amended, set out as an Effective Date note under section 7430 of this title.

–SECREP–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6215, 7459 of this title.

–End–

–CITE–

26 USC Sec. 6674 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6674. Fraudulent statement or failure to furnish statement to employee

–STATUTE–

In addition to the criminal penalty provided by section 7204, any person required under the provisions of section 6051 or 6053(b) to furnish a statement to an employee who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information

required under section 6051 or 6053(b), or regulations prescribed thereunder, shall for each such failure be subject to a penalty under this subchapter of \$50, which shall be assessed and collected in the same manner as the tax on employers imposed by section 3111.

–SOURCE–

(Aug. 16, 1954, ch. 736, 68A Stat. 828; Pub. L. 89–97, title III, Sec. 313(e)(2)(C), July 30, 1965, 79 Stat. 385.)

–MISC1–

#### AMENDMENTS

1965 – Pub. L. 89–97 substituted "6051 or 6053(b)" for "6051" wherever appearing.

#### EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by section 313 of Pub. L. 89–97 applicable only with respect to tips received by employees after 1965, see section 313(f) of Pub. L. 89–97, set out as a note under section 6053 of this title.

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6051, 7204 of this title.

–End–

–CITE–

26 USC Sec. 6675 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

## ASSESSABLE PENALTIES

### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6675. Excessive claims with respect to the use of certain fuels

–STATUTE–

##### (a) Civil penalty

In addition to any criminal penalty provided by law, if a claim is made under section 6420 (relating to gasoline used on farms), 6421 (relating to gasoline used for certain nonhighway purposes or by local transit systems), or 6427 (relating to fuels not used for taxable purposes) for an excessive amount, unless it is shown that the claim for such excessive amount is due to reasonable cause, the person making such claim shall be liable to a penalty in an amount equal to whichever of the following is the greater:

- (1) Two times the excessive amount; or
- (2) \$10.

##### (b) Excessive amount defined

For purposes of this section, the term "excessive amount" means in the case of any person the amount by which –

- (1) the amount claimed under section 6420, 6421, or 6427, as the case may be, for any period, exceeds
- (2) the amount allowable under such section for such period.

##### (c) Assessment and collection of penalty

For assessment and collection of penalty provided by

subsection (a), see section 6206.

–SOURCE–

(Added Apr. 2, 1956, ch. 160, Sec. 3, 70 Stat. 90; amended June 29, 1956, ch. 462, title II, Sec. 208(d)(2), 70 Stat. 396; Pub. L. 89–44, title II, Sec. 202(c)(3)(A), June 21, 1965, 79 Stat. 139; Pub. L. 91–258, title II, Sec. 207(d)(8), May 21, 1970, 84 Stat. 249; Pub. L. 95–618, title II, Sec. 233(b)(2)(D), Nov. 9, 1978, 92 Stat. 3191; Pub. L. 97–424, title V, Sec. 515(b)(11)(A)–(C), Jan. 6, 1983, 96 Stat. 2182.)

–MISC1–

#### AMENDMENTS

1983 – Pub. L. 97–424, Sec. 515(b)(11)(C), struck out "or lubricating oil" after "fuels" in section catchline.

Subsec. (a). Pub. L. 97–424, Sec. 515(b)(11)(A), struck out "6424 (relating to lubricating oil used for certain nontaxable purposes)," after "systems),".

Subsec. (b)(1). Pub. L. 97–424, Sec. 515(b)(11)(B), struck out "6424," after "6421,".

1978 – Subsec. (a). Pub. L. 95–618 substituted "used for certain nontaxable purposes" for "not used in highway motor vehicles".

1970 – Pub. L. 91–258, Sec. 207(d)(8)(A), substituted "fuels" for "gasoline" in section catchline.

Subsec. (a). Pub. L. 91–258, Sec. 207(d)(8)(B), inserted reference to section 6427 relating to fuels not used for taxable purposes.

Subsec. (b)(1). Pub. L. 91–258, Sec. 207(d)(8)(C), inserted

reference to section 6427.

1965 – Pub. L. 89–44, Sec. 202(c)(3)(A)(i), inserted "or lubricating oil" after "gasoline" in section catchline.

Subsec. (a). Pub. L. 89–44, Sec. 202(c)(3)(A)(ii), inserted reference to claims made under section 6424.

Subsec. (b)(1). Pub. L. 89–44, Sec. 202(c)(3)(A)(iii), inserted reference to amounts claimed under section 6424.

1956 – Act June 29, 1956, Sec. 208(d)(2)(A), substituted "with respect to the use of certain gasoline" for "for gasoline used on farms" in section catchline.

Subsec. (a). Act June 29, 1956, Sec. 208(d)(2)(B), inserted reference to claims made under section 6421.

Subsec. (b). Act June 29, 1956, Sec. 208(d)(2)(C), inserted reference to amounts claimed under section 6421.

#### EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97–424 applicable with respect to articles sold after Jan. 6, 1983, see section 515(c) of Pub. L. 97–424, set out as a note under section 34 of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95–618 effective on first day of first calendar month which begins more than 10 days after Nov. 9, 1978, see section 233(d) of Pub. L. 95–618, set out as a note under section 34 of this title.

#### EFFECTIVE DATE OF 1970 AMENDMENT

Amendment by Pub. L. 91–258 effective July 1, 1970, see section 211(a) of Pub. L. 91–258, set out as a note under section 4041 of

this title.

#### EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by Pub. L. 89–44 effective Jan. 1, 1966, see section 701(a)(1), (2) of Pub. L. 89–44, set out as a note under section 4161 of this title.

#### EFFECTIVE DATE OF 1956 AMENDMENT

Amendment by act June 29, 1956, effective June 29, 1956, see section 211 of act June 29, 1956, set out as a note under section 4041 of this title.

–SECREP–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6206, 6420, 6421, 6427, 6504 of this title.

–End–

–CITE–

26 USC [Sec. 6676 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6676. Repealed. Pub. L. 101–239, title VII, Sec. 7711(b)(1), Dec. 19, 1989, 103 Stat. 2393]

–MISC1–

Section, added Pub. L. 87–397, Sec. 1(b), Oct. 5, 1961, 75 Stat. 828; amended Pub. L. 91–172, title I, Sec. 101(j)(52), Dec. 30, 1969, 83 Stat. 531; Pub. L. 93–406, title II, Sec. 1016(a)(20), Sept. 2, 1974, 88 Stat. 931; Pub. L. 97–248, title III, Sec. 316(a), Sept. 3, 1982, 96 Stat. 607; Pub. L. 98–67, title I, Sec. 105(a), Aug. 5, 1983, 97 Stat. 380; Pub. L. 98–369, div. A, title IV, Sec. 422(c), July 18, 1984, 98 Stat. 798; Pub. L. 99–514, title XV, Secs. 1501(b), 1523(b)(3), 1524(b), Oct. 22, 1986, 100 Stat. 2736, 2748, 2749; Pub. L. 100–647, title I, Sec. 1015(g), Nov. 10, 1988, 102 Stat. 3570, related to failure to supply identifying numbers.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101–239, set out as an Effective Date of 1989 Amendment note under section 6721 of this title.

–End–

–CITE–

26 USC Sec. 6677 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6677. Failure to file information with respect to certain foreign trusts

–STATUTE–

(a) Civil penalty

In addition to any criminal penalty provided by law, if any notice or return required to be filed by section 6048 –

(1) is not filed on or before the time provided in such section, or

(2) does not include all the information required pursuant to such section or includes incorrect information,

the person required to file such notice or return shall pay a penalty equal to 35 percent of the gross reportable amount. If any failure described in the preceding sentence continues for more than 90 days after the day on which the Secretary mails notice of such failure to the person required to pay such penalty, such person shall pay a penalty (in addition to the amount determined under the preceding sentence) of \$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. In no event shall the penalty under this subsection with respect to any failure exceed the gross reportable amount.

(b) Special rules for returns under section 6048(b)

In the case of a return required under section 6048(b) –

(1) the United States person referred to in such section shall be liable for the penalty imposed by subsection (a), and

(2) subsection (a) shall be applied by substituting "5 percent" for "35 percent".

(c) Gross reportable amount

For purposes of subsection (a), the term "gross reportable amount" means –

(1) the gross value of the property involved in the event (determined as of the date of the event) in the case of a failure relating to section 6048(a),

(2) the gross value of the portion of the trust's assets at the close of the year treated as owned by the United States person in the case of a failure relating to section 6048(b)(1), and

(3) the gross amount of the distributions in the case of a failure relating to section 6048(c).

(d) Reasonable cause exception

No penalty shall be imposed by this section on any failure which is shown to be due to reasonable cause and not due to willful neglect. The fact that a foreign jurisdiction would impose a civil or criminal penalty on the taxpayer (or any other person) for disclosing the required information is not reasonable cause.

(e) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

–SOURCE–

(Added Pub. L. 87–834, Sec. 7(g), Oct. 16, 1962, 76 Stat. 988; amended Pub. L. 91–172, title I, Sec. 101(j)(53), Dec. 30, 1969, 83 Stat. 531; Pub. L. 93–406, title II, Sec. 1016(a)(21), Sept. 2, 1974, 88 Stat. 931; Pub. L. 94–455, title X, Sec. 1013(d)(2), Oct. 4, 1976, 90 Stat. 1616; Pub. L. 104–188, title I, Sec. 1901(b), Aug. 20, 1996, 110 Stat. 1907.)

–MISC1–

AMENDMENTS

1996 – Pub. L. 104–188, Sec. 1901(b), substituted "information" for "information returns" in section catchline and amended text generally, substituting present provisions for former provisions which related to civil penalty in subsec. (a) and nonapplicability of deficiency procedures in subsec. (b).

1976 – Subsec. (a). Pub. L. 94–455 inserted "(or, in the case of a failure with respect to section 6048(c), equal to 5 percent of the value of the corpus of the trust at the close of the taxable year)" after "transferred to a trust".

1974 – Subsec. (b). Pub. L. 93–406 substituted "and certain excise" for "chapter 42".

1969 – Subsec. (b). Pub. L. 91–172 inserted reference to chapter 42 taxes.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104–188, to the extent related to section 6048(a) of this title, applicable to reportable events (as defined in such section) occurring after Aug. 20, 1996, to the extent

related to section 6048(b) of this title, applicable to taxable years of United States persons beginning after Dec. 31, 1995, and to the extent related to section 6048(c) of this title, applicable to distributions received after Aug. 20, 1996, see section 1901(d) of Pub. L. 104–188, set out as a note under section 6048 of this title.

#### EFFECTIVE DATE OF 1976 AMENDMENT

Amendment by Pub. L. 94–455 applicable to taxable years ending after Dec. 31, 1975, but only in the case of foreign trusts created after May 21, 1974 and transfer of property to foreign trusts after May 21, 1974, see section 1013(f)(1) of Pub. L. 94–455, set out as a note under section 679 of this title.

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93–406 applicable, except as otherwise provided in section 1017(c) through (i) of Pub. L. 93–406, for plan years beginning after Sept. 2, 1974, but, in the case of plans in existence on Jan. 1, 1974, amendment by Pub. L. 93–406 applicable for plan years beginning after Dec. 31, 1975, see section 1017 of Pub. L. 93–406, set out as an Effective Date; Transitional Rules note under section 410 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91–172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91–172, set out as an Effective Date note under section 4940 of this title.

–End–

–CITE–

26 USC [Sec. 6678 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6678. Repealed. Pub. L. 99–514, title XV, Sec. 1501(d)(2),  
Oct. 22, 1986, 100 Stat. 2740]

–MISC1–

Section, added Pub. L. 87–834, Sec. 19(e), Oct. 16, 1962, 76  
Stat. 1058; amended Pub. L. 88–272, title II, Secs. 204(c)(2),  
221(b)(3), Feb. 26, 1964, 78 Stat. 37, 75; Pub. L. 94–455, title  
XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L.  
96–167, Sec. 7(b)(2), Dec. 29, 1979, 93 Stat. 1277; Pub. L. 97–34,  
title VII, Sec. 723(a)(2), (b)(2), Aug. 13, 1981, 95 Stat. 343,  
344; Pub. L. 97–248, title III, Secs. 309(b)(3), 311(a)(2), 312(b),  
314(b), 315(c), Sept. 3, 1982, 96 Stat. 595, 600, 602, 605, 607;  
Pub. L. 97–448, title II, Sec. 201(i)(3), Jan. 12, 1983, 96 Stat.  
2395; Pub. L. 98–67, title I, Sec. 105(b)(2), Aug. 5, 1983, 97  
Stat. 381; Pub. L. 98–369, div. A, title I, Secs. 145(b)(3),  
146(b)(3), 148(b)(3), 149(b)(2), (3), 155(b)(2)(B), title VII, Sec.  
714(f), (q)(3), July 18, 1984, 98 Stat. 685, 686, 689, 690, 693,  
961, 966; Pub. L. 99–514, title XVIII, Sec. 1811(c)(1), Oct. 22,

1986, 100 Stat. 2833, related to penalties for failure to furnish certain statements.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99-514, set out as an Effective Date note under section 6721 of this title.

–End–

–CITE–

26 USC Sec. 6679 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6679. Failure to file returns, etc., with respect to foreign corporations or foreign partnerships

–STATUTE–

(a) Civil penalty

(1) In general

In addition to any criminal penalty provided by law, any person required to file a return under section 6035, 6046, or 6046A who fails to file such return at the time provided in such section,

or who files a return which does not show the information required pursuant to such section, shall pay a penalty of \$10,000, unless it is shown that such failure is due to reasonable cause.

(2) Increase in penalty where failure continues after notification

If any failure described in paragraph (1) continues for more than 90 days after the day on which the Secretary mails notice of such failure to the United States person, such person shall pay a penalty (in addition to the amount required under paragraph (1)) of \$10,000 for each 30-day period (or fraction thereof) during which such failure continues after the expiration of such 90-day period. The increase in any penalty under this paragraph shall not exceed \$50,000.

(3) Reduced penalty for returns relating to foreign personal holding companies

In the case of a return required under section 6035, paragraph (1) shall be applied by substituting "\$1,000" for "\$10,000", and paragraph (2) shall not apply.

(b) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedure for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

–SOURCE–

(Added Pub. L. 87-834, Sec. 20(c), Oct. 16, 1962, 76 Stat. 1062;

amended Pub. L. 91–172, title I, Sec. 101(j)(54), Dec. 30, 1969, 83 Stat. 532; Pub. L. 93–406, title II, Sec. 1016(a)(22), Sept. 2, 1974, 88 Stat. 931; Pub. L. 97–248, title III, Sec. 340(b)(1), (2), title IV, Sec. 405(b), (c)(2), Sept. 3, 1982, 96 Stat. 634, 670; Pub. L. 97–448, title III, Sec. 306(c)(2), Jan. 12, 1983, 96 Stat. 2406; Pub. L. 105–34, title XI, Sec. 1143(b), Aug. 5, 1997, 111 Stat. 983.)

–MISC1–

#### AMENDMENTS

1997 – Subsec. (a). Pub. L. 105–34 reenacted heading without change and amended text generally. Prior to amendment, text read as follows: "In addition to any criminal penalty provided by law, any person required to file a return under section 6035, 6046, or 6046A who fails to file such return at the time provided in such section, or who files a return which does not show the information required pursuant to such section, shall pay a penalty of \$1,000, unless it is shown that such failure is due to reasonable cause."

1983 – Pub. L. 97–448 amended language of Pub. L. 97–248, Sec. 405(b), (c)(2), to clarify an ambiguity created by the conflicting language of Secs. 340(b)(1), (2) and 405(b), (c)(2) of Pub. L. 97–248. See 1982 Amendment note below.

1982 – Pub. L. 97–248, Secs. 340(b)(2), 405(c)(2), as amended by Pub. L. 97–448, Sec. 306(c)(2)(B), substituted "Failure to file returns, etc., with respect to foreign corporations or foreign partnerships" for "Failure to file returns as to organization or reorganization of foreign corporations and as to acquisitions of

their stock" in section catchline.

Subsec. (a). Pub. L. 97–248, Secs. 340(b)(1), 405(b), as amended by Pub. L. 97–448, Sec. 306(a)(2)(A), substituted "section 6035, 6046, or 6046A" for "section 6046".

1974 – Subsec. (b). Pub. L. 93–406 substituted "and certain excise" for "chapter 42".

1969 – Subsec. (b). Pub. L. 91–172 inserted reference to chapter 42 taxes.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–34 applicable to transfers and changes after Aug. 5, 1997, see section 1143(c) of Pub. L. 105–34, set out as a note under section 6046A of this title.

#### EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97–448 effective as if included in the provisions of the Tax Equity and Fiscal Responsibility Act of 1982, Pub. L. 97–248, to which such amendment relates, see section 311(d) of Pub. L. 97–448, set out as a note under section 31 of this title.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 340(b)(1), (2) of Pub. L. 97–248 applicable to taxable years of foreign corporations beginning after Sept. 3, 1982, see section 340(c) of Pub. L. 97–248, set out as a note under section 6035 of this title.

Amendment by section 405(b), (c)(2) of Pub. L. 97–248 applicable with respect to acquisitions or dispositions of, or substantial changes in, interests in foreign partnerships occurring after Sept.

3, 1982, see section 407(b) of Pub. L. 97–248, set out as an

Effective Date note under section 6046A of this title.

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93–406 applicable, except as otherwise provided in section 1017(c) through (i) of Pub. L. 93–406, for plan years beginning after Sept. 2, 1974, but, in the case of plans in existence on Jan. 1, 1974, amendment by Pub. L. 93–406 applicable for plan years beginning after Dec. 31, 1975, see section 1017 of Pub. L. 93–406, set out as an Effective Date; Transitional Rules note under section 410 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91–172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91–172, set out as an Effective Date note under section 4940 of this title.

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6046A of this title.

–End–

–CITE–

26 USC [Sec. 6680 01/06/03

–EXPCITE–

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#### ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6680. Repealed. Pub. L. 94–455, title XIX, Sec.

1904(b)(10)(A)(vi)(I), Oct. 4, 1976, 90 Stat. 1817]

–MISC1–

Section, added Pub. L. 88–563, Sec. 6(a), Sept. 2, 1964, 78 Stat.

845; amended Pub. L. 91–128, Sec. 4(h)(1), Nov. 26, 1969, 83 Stat.

268; Pub. L. 92–9, Sec. 3(j)(2), Apr. 1, 1971, 85 Stat. 22, related

to failure to file interest equalization tax returns.

–End–

–CITE–

26 USC [Sec. 6681 01/06/03

–EXPCITE–

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Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6681. Repealed. Pub. L. 94–455, title XIX, Sec.

1904(b)(10)(D)(i), Oct. 4, 1976, 90 Stat. 1817]

–MISC1–

Section, added Pub. L. 88–563, Sec. 6(a), Sept. 2, 1964, 78 Stat.

845; amended Pub. L. 90–59, Sec. 4(d), July 1, 1967, 81 Stat. 155;

Pub. L. 90–73, Sec. 2(d), Aug. 29, 1967, 81 Stat. 176; Pub. L.

92–9, Sec. 3(k)(1)–(3), Apr. 1, 1971, 85 Stat. 22, related to false equalization tax certificates.

#### EFFECTIVE DATE OF REPEAL

Section 1904(b)(10)(D)(iii) of Pub. L. 94–455 provided that: "The amendments made by this subparagraph [repealing this section] shall apply with respect to actions occurring after June 30, 1974."

–End–

–CITE–

26 USC Sec. 6682 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

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#### ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6682. False information with respect to withholding

–STATUTE–

(a) Civil penalty

In addition to any criminal penalty provided by law, if –

(1) any individual makes a statement under section 3402 or section 3406 which results in a decrease in the amounts deducted and withheld under chapter 24, and

(2) as of the time such statement was made, there was no reasonable basis for such statement,

such individual shall pay a penalty of \$500 for such statement.

(b) Exception

The Secretary may waive (in whole or in part) the penalty imposed under subsection (a) if the taxes imposed with respect to the individual under subtitle A for the taxable year are equal to or less than the sum of –

(1) the credits against such taxes allowed by part IV of

subchapter A of chapter 1, and

(2) the payments of estimated tax which are considered payments on account of such taxes.

(c) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect to the assessment or collection of any penalty imposed by subsection (a).

–SOURCE–

(Added Pub. L. 89–368, title I, Sec. 101(e)(4)(A), Mar. 15, 1966, 80 Stat. 61; amended Pub. L. 91–172, title I, Sec. 101(j)(55), Dec. 30, 1969, 83 Stat. 532; Pub. L. 93–406, title II, Sec. 1016(a)(23), Sept. 2, 1974, 88 Stat. 931; Pub. L. 97–34, title VII, Sec. 721(a), Aug. 13, 1981, 95 Stat. 340; Pub. L. 97–248, title III, Secs. 306(a), 308(a), Sept. 3, 1982, 96 Stat. 588, 591; Pub. L. 98–67, title I, Secs. 102(a), 107(a), Aug. 5, 1983, 97 Stat. 369, 382.)

–MISC1–

AMENDMENTS

1983 – Subsec. (a)(1). Pub. L. 98–67 inserted reference to

section 3406 and repealed amendments made by Pub. L. 97-248. See 1982 Amendment note below.

1982 – Subsec. (a)(1). Pub. L. 97-248 provided that, applicable to payments of interest, dividends, and patronage dividends paid or credited after June 30, 1983, par. (1) is amended by inserting "or section 3452(f)(1)(A)" after "section 3402". Section 102(a), (b) of Pub. L. 98-67, title I, Aug. 5, 1983, 97 Stat. 369, repealed subtitle A (Secs. 301-308) of title III of Pub. L. 97-248 as of the close of June 30, 1983, and provided that the Internal Revenue Code of 1954 [now 1986] [this title] shall be applied and administered (subject to certain exceptions) as if such subtitle A (and the amendments made by such subtitle A) had not been enacted.

1981 – Pub. L. 97-34 struck out "allowances based on itemized deductions" after "withholding" in section catchline.

Subsec. (a). Pub. L. 97-34 substituted provisions relating to imposition of penalty of \$500 for statement under section 3402 resulting in decreased amounts withheld under chapter 24 and no reasonable basis existed for making such statement at the time it was made, for provisions relating to imposition of penalty of \$50 for statement under section 3402(f)(1)(F) concerning amount of wages under chapter 24, or itemized deductions under section 3402(m), and provisions setting forth conditions for mitigation of such penalty.

Subsecs. (b), (c). Pub. L. 97-34 added subsec. (b) and redesignated former subsec. (b) as (c).

1974 – Subsec. (b). Pub. L. 93-406 substituted "and certain

excise" for "chapter 42."

1969 – Subsec. (b). Pub. L. 91–172 inserted reference to chapter 42 taxes.

#### EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by section 107(a) of Pub. L. 98–67 effective Aug. 5, 1983, see section 110(c) of Pub. L. 98–67, set out as a note under section 31 of this title.

#### EFFECTIVE DATE OF 1981 AMENDMENT

Section 721(d) of Pub. L. 97–34 provided that: "The amendments made by this section [amending sections 6682 and 7205 of this title] shall apply to acts and failures to act after December 31, 1981."

#### EFFECTIVE DATE OF 1974 AMENDMENT

Amendment by Pub. L. 93–406 applicable, except as otherwise provided in section 1017(c) through (i) of Pub. L. 93–406, for plan years beginning after Sept. 2, 1974, but, in the case of plans in existence on Jan. 1, 1974, amendment by Pub. L. 93–406 applicable for plan years beginning after Dec. 31, 1975, see section 1017 of Pub. L. 93–406, set out as an Effective Date; Transitional Rules note under section 410 of this title.

#### EFFECTIVE DATE OF 1969 AMENDMENT

Amendment by Pub. L. 91–172 effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91–172, set out as an Effective Date note under section 4940 of this title.

–End–

–CITE–

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

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ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6683. Failure of foreign corporation to file return of  
personal holding company tax

–STATUTE–

Any foreign corporation which –

(1) is a personal holding company for any taxable year, and  
(2) fails to file or to cause to be filed with the Secretary a  
true and accurate return of the tax imposed by section 541,  
shall, in addition to other penalties provided by law, pay a  
penalty equal to 10 percent of the taxes imposed by chapter 1  
(including the tax imposed by section 541) on such foreign  
corporation for such taxable year. No penalty shall be imposed  
under this section on any failure which is shown to be due to  
reasonable cause and not willful neglect.

–SOURCE–

(Added Pub. L. 89–809, title I, Sec. 104(h)(4)(A), Nov. 13, 1966,  
80 Stat. 1560; amended Pub. L. 94–455, title XIX, Sec.  
1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 105–34, title

XII, Sec. 1281(c), Aug. 5, 1997, 111 Stat. 1037.)

–MISC1–

## AMENDMENTS

1997 – Pub. L. 105–34 inserted at end "No penalty shall be imposed under this section on any failure which is shown to be due to reasonable cause and not willful neglect."

1976 – Pub. L. 94–455 struck out "or his delegate" after "Secretary".

## EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–34 applicable to taxable years beginning after Aug. 5, 1997, see section 1281(e) of Pub. L. 105–34, set out as a note under section 6652 of this title.

## EFFECTIVE DATE

Section applicable with respect to taxable years beginning after Dec. 31, 1966, see section 104(n) of Pub. L. 89–809, set out as an Effective Date of 1966 Amendment note under section 11 of this title.

–End–

–CITE–

26 USC Sec. 6684 01/06/03

–EXPCITE–

## TITLE 26 – INTERNAL REVENUE CODE

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Subchapter B – Assessable Penalties

## PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6684. Assessable penalties with respect to liability for tax under chapter 42

–STATUTE–

If any person becomes liable for tax under any section of chapter 42 (relating to private foundations and certain other tax-exempt organizations) by reason of any act or failure to act which is not due to reasonable cause and either –

(1) such person has theretofore been liable for tax under such chapter, or

(2) such act or failure to act is both willful and flagrant,

then such person shall be liable for a penalty equal to the amount of such tax.

–SOURCE–

(Added Pub. L. 91–172, title I, Sec. 101(c), Dec. 30, 1969, 83 Stat. 519; amended Pub. L. 100–203, title X, Sec. 10712(c)(4), Dec. 22, 1987, 101 Stat. 1330–467.)

–MISC1–

### AMENDMENTS

1987 – Pub. L. 100–203 inserted "and certain other tax-exempt organizations" after "private foundations" in parenthetical.

### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100–203 applicable to taxable years beginning after Dec. 22, 1987, see section 10712(d) of Pub. L. 100–203, set out as an Effective Date note under section 4955 of

this title.

#### EFFECTIVE DATE

Section effective Jan. 1, 1970, see section 101(k)(1) of Pub. L.

91–172, set out as a note under section 4940 of this title.

–SECREP–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 4948 of this title.

–End–

–CITE–

26 USC Sec. 6685 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

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##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6685. Assessable penalty with respect to public inspection  
requirements for certain tax–exempt organizations

–STATUTE–

In addition to the penalty imposed by section 7207 (relating to  
fraudulent returns, statements, or other documents), any person who  
is required to comply with the requirements of subsection (d) of  
section 6104 and who fails to so comply with respect to any return  
or application, if such failure is willful, shall pay a penalty of

\$5,000 with respect to each such return or application.

–SOURCE–

(Added Pub. L. 91–172, title I, Sec. 101(e)(4), Dec. 30, 1969, 83 Stat. 524; amended Pub. L. 96–603, Sec. 1(d)(4), Dec. 28, 1980, 94 Stat. 3504; Pub. L. 100–203, title X, Sec. 10704(b)(1), Dec. 22, 1987, 101 Stat. 1330–462; Pub. L. 104–168, title XIII, Sec. 1313(b), July 30, 1996, 110 Stat. 1480; Pub. L. 105–277, div. J, title I, Sec. 1004(b)(2)(D), Oct. 21, 1998, 112 Stat. 2681–890.)

–MISC1–

#### AMENDMENTS

1998 – Pub. L. 105–277 struck out "or (e)" after "subsection (d)".

1996 – Pub. L. 104–168 substituted "\$5,000" for "\$1,000".

1987 – Pub. L. 100–203 substituted current section catchline for "Assessable penalties with respect to private foundation annual returns" and amended text generally. Prior to amendment, text read as follows: "In addition to the penalty imposed by section 7207 (relating to fraudulent returns, statements, or other documents), any person who is required to comply with the requirements of section 6104(d) (relating to private foundations' annual returns) and who fails to so comply with respect to any return, if such failure is willful, shall pay a penalty of \$1,000 with respect to each such return."

1980 – Pub. L. 96–603 substituted in section catchline "returns" for "reports", and in text "required to comply" for "required to file the report and the notice required under section 6056

(relating to annual reports by private foundations) or to comply", "(relating to private foundations' annual returns) and who fails to so comply with respect to any return" for "(relating to public inspection of private foundations' annual reports) and who fails so to file or comply", and "each such return" for "each such report or notice".

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105–277 applicable to requests made after the later of Dec. 31, 1998, or the 60th day after the Secretary of the Treasury first issues the regulations referred to in section 6104(d)(4) of this title, see section 1004(b)(3) of Pub. L. 105–277, set out as a note under section 6104 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by Pub. L. 104–168 applicable to requests made on or after 60th day after Secretary of the Treasury first issues regulations referred to in section 6104(e)(3) of this title, see section 1313(c) of Pub. L. 104–168, set out as a note under section 6104 of this title.

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100–203 applicable to returns for years beginning after Dec. 31, 1986, and on and after Dec. 22, 1987, in case of applications submitted after July 15, 1987, or on or before July 15, 1987, if the organization has a copy of the application on July 15, 1987, see section 10704(d) of Pub. L. 100–203, set out as a note under section 6652 of this title.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Amendment by Pub. L. 96-603 applicable to taxable years beginning after Dec. 31, 1980, see section 1(f) of Pub. L. 96-603, set out as a note under section 6033 of this title.

#### EFFECTIVE DATE

Section effective Jan. 1, 1970, see section 101(k)(1) of Pub. L. 91-172, set out as a note under section 4940 of this title.

-End-

-CITE-

26 USC Sec. 6686 01/06/03

-EXPCITE-

#### TITLE 26 – INTERNAL REVENUE CODE

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#### ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

-HEAD-

Sec. 6686. Failure to file returns or supply information by DISC or

FSC

-STATUTE-

In addition to the penalty imposed by section 7203 (relating to willful failure to file return, supply information, or pay tax) any person required to supply information or to file a return under section 6011(c) who fails to supply such information or file such return at the time prescribed by the Secretary, or who files a return which does not show the information required, shall pay a

penalty of \$100 for each failure to supply information (but the total amount imposed on the delinquent person for all such failures during any calendar year shall not exceed \$25,000) or a penalty of \$1,000 for each failure to file a return, unless it is shown that such failure is due to reasonable cause.

–SOURCE–

(Added Pub. L. 92–178, title V, Sec. 504(d), Dec. 10, 1971, 85 Stat. 551; amended Pub. L. 94–455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834; Pub. L. 98–369, div. A, title VIII, Sec. 801(d)(15)(A), July 18, 1984, 98 Stat. 997.)

–MISC1–

#### AMENDMENTS

1984 – Pub. L. 98–369 substituted "Failure to file returns or supply information by DISC or FSC" for "Failure of DISC to file returns" in section catchline, and in text substituted "section 6011(c)" for "section 6011(e)".

1976 – Pub. L. 94–455 struck out "or his delegate" after "Secretary".

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369 applicable to transactions after Dec. 31, 1984, in taxable years ending after such date, see section 805(a)(1) of Pub. L. 98–369, as amended, set out as a note under section 245 of this title.

#### EFFECTIVE DATE

Section applicable with respect to taxable years ending after Dec. 31, 1971, except that a corporation may not be a DISC for any

taxable year beginning before Jan. 1, 1972, see section 507 of Pub.

L. 92-178, set out as a note under section 991 of this title.

-End-

-CITE-

26 USC [Sec. 6687 01/06/03

-EXPCITE-

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PART I – GENERAL PROVISIONS

-HEAD-

[Sec. 6687. Repealed. Pub. L. 101-239, title VII, Sec. 7711(b)(1),  
Dec. 19, 1989, 103 Stat. 2393]

-MISC1-

Section, added Pub. L. 92-512, title I, Sec. 144(b)(1), Oct. 20,  
1972, 86 Stat. 936, related to failure to supply information with  
respect to place of residence.

EFFECTIVE DATE OF REPEAL

Repeal applicable to returns and statements the due date for  
which (determined without regard to extensions) is after Dec. 31,  
1989, see section 7711(c) of Pub. L. 101-239, set out as an  
Effective Date of 1989 Amendment note under section 6721 of this  
title.

-End-

–CITE–

26 USC Sec. 6688 01/06/03

–EXPCITE–

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PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6688. Assessable penalties with respect to information

required to be furnished under section 7654

–STATUTE–

In addition to any criminal penalty provided by law, any person described in section 7654(a) who is required by regulations prescribed under section 7654 to furnish information and who fails to comply with such requirement at the time prescribed by such regulations unless it is shown that such failure is due to reasonable cause and not to willful neglect, shall pay (upon notice and demand by the Secretary and in the same manner as tax) a penalty of \$100 for each such failure.

–SOURCE–

(Added Pub. L. 92–606, Sec. 1(c), Oct. 31, 1972, 86 Stat. 1496, Sec. 6687; renumbered Sec. 6688, Pub. L. 93–406, title II, Sec. 1016(b)(4), Sept. 2, 1974, 88 Stat. 932; amended Pub. L. 94–455, title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1834.)

–MISC1–

## AMENDMENTS

1976 – Pub. L. 94–455 struck out "or his delegate" after "Secretary".

## EFFECTIVE DATE

Section applicable with respect to taxable years beginning after Dec. 31, 1972, see section 2 of Pub. L. 92–606, set out in part as a note under section 931 of this title.

–End–

–CITE–

26 USC Sec. 6689 01/06/03

–EXPCITE–

## TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

## CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

## PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6689. Failure to file notice of redetermination of foreign tax

–STATUTE–

(a) Civil penalty

If the taxpayer fails to notify the Secretary (on or before the date prescribed by regulations for giving such notice) of a foreign tax redetermination, unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be

added to the deficiency attributable to such redetermination an amount (not in excess of 25 percent of the deficiency) determined as follows –

(1) 5 percent of the deficiency if the failure is for not more than 1 month, with

(2) an additional 5 percent of the deficiency for each month (or fraction thereof) during which the failure continues.

(b) Foreign tax redetermination defined

For purposes of this section, the term "foreign tax redetermination" means any redetermination for which a notice is required under subsection (c) of section 905 or paragraph (2) of section 404A(g).

–SOURCE–

(Added Pub. L. 96–603, Sec. 2(c)(2), Dec. 28, 1980, 94 Stat. 3509.)

–MISC1–

#### PRIOR PROVISIONS

A prior section 6689, added Pub. L. 93–17, Sec. 3(d)(2), Apr. 10, 1973, 87 Stat. 16, related to failure by certain foreign issuers and obligors to comply with United States investment equalization tax requirements, prior to repeal by Pub. L. 94–455, title XIX, Sec. 1904(b)(10)(E)(i), Oct. 4, 1976, 90 Stat. 1817.

#### EFFECTIVE DATE

For applicability of section with respect to employer contributions or accruals for taxable years beginning after Dec. 31, 1979, election to apply amendments retroactively with respect to foreign subsidiaries, allowance of prior deductions in case of

certain funded branch plans, and time and manner for making elections, see section 2(e) of Pub. L. 96-603, set out as a note under section 404A of this title.

-End-

-CITE-

26 USC Sec. 6690 01/06/03

-EXPCITE-

## TITLE 26 – INTERNAL REVENUE CODE

### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

#### ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

##### PART I – GENERAL PROVISIONS

-HEAD-

Sec. 6690. Fraudulent statement or failure to furnish statement to plan participant

-STATUTE-

Any person required under section 6057(e) to furnish a statement to a participant who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 6057(e), or regulations prescribed thereunder, shall for each such act, or for each such failure, be subject to a penalty under this subchapter of \$50, which shall be assessed and collected in the same manner as the tax on employers imposed by section 3111.

-SOURCE-

(Added Pub. L. 93–406, title II, Sec. 1031(b)(2)(A), Sept. 2, 1974,

88 Stat. 946.)

–MISC1–

#### EFFECTIVE DATE

Section effective Sept. 2, 1974, see section 1034 of Pub. L.

93–406, set out as a note under section 6057 of this title.

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6057 of this title.

–End–

–CITE–

26 USC [Sec. 6691 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

#### ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6691. Reserved]

–STATUTE–

–End–

–CITE–

26 USC Sec. 6692 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6692. Failure to file actuarial report

–STATUTE–

The plan administrator (as defined in section 414(g)) of each defined benefit plan to which section 412 applies who fails to file the report required by section 6059 at the time and in the manner required by section 6059, shall pay a penalty of \$1,000 for each such failure unless it is shown that such failure is due to reasonable cause.

–SOURCE–

(Added Pub. L. 93–406, title II, Sec. 1033(b), Sept. 2, 1974, 88 Stat. 948.)

–MISC1–

EFFECTIVE DATE

Section effective Sept. 2, 1974, see section 1034 of Pub. L. 93–406, set out as a note under section 6057 of this title.

–End–

–CITE–

26 USC Sec. 6693 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6693. Failure to provide reports on certain tax-favored  
accounts or annuities; penalties relating to designated  
nondeductible contributions

–STATUTE–

(a) Reports

(1) In general

If a person required to file a report under a provision  
referred to in paragraph (2) fails to file such report at the  
time and in the manner required by such provision, such person  
shall pay a penalty of \$50 for each failure unless it is shown  
that such failure is due to reasonable cause.

(2) Provisions

The provisions referred to in this paragraph are –

- (A) subsections (i) and (l) of section 408 (relating to individual retirement plans),
  - (B) section 220(h) (relating to Archer MSAs),
  - (C) section 529(d) (relating to qualified tuition programs),
- and
- (D) section 530(h) (relating to Coverdell education savings

accounts).

This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(X).

(b) Penalties relating to nondeductible contributions

(1) Overstatement of designated nondeductible contributions

Any individual who –

(A) is required to furnish information under section

408(o)(4) as to the amount of designated nondeductible contributions made for any taxable year, and

(B) overstates the amount of such contributions made for such taxable year,

shall pay a penalty of \$100 for each such overstatement unless it is shown that such overstatement is due to reasonable cause.

(2) Failure to file form

Any individual who fails to file a form required to be filed by the Secretary under section 408(o)(4) shall pay a penalty of \$50 for each such failure unless it is shown that such failure is due to reasonable cause.

(c) Penalties relating to simple retirement accounts

(1) Employer penalties

An employer who fails to provide 1 or more notices required by section 408(l)(2)(C) shall pay a penalty of \$50 for each day on which such failures continue.

(2) Trustee and issuer penalties

A trustee or issuer who fails –

(A) to provide 1 or more statements required by the last sentence of section 408(i) shall pay a penalty of \$50 for each day on which such failures continue, or

(B) to provide 1 or more summary descriptions required by section 408(l)(2)(B) shall pay a penalty of \$50 for each day on which such failures continue.

(3) Reasonable cause exception

No penalty shall be imposed under this subsection with respect to any failure which the taxpayer shows was due to reasonable cause.

(d) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) does not apply to the assessment or collection of any penalty imposed by this section.

–SOURCE–

(Added Pub. L. 93–406, title II, Sec. 2002(f), Sept. 2, 1974, 88 Stat. 967; amended Pub. L. 96–222, title I, Sec. 101(a)(10)(H), Apr. 1, 1980, 94 Stat. 203; Pub. L. 98–369, div. A, title I, Sec. 147(b), July 18, 1984, 98 Stat. 687; Pub. L. 99–514, title XI, Sec. 1102(d)(1), (2)(A), (B), Oct. 22, 1986, 100 Stat. 2416; Pub. L. 100–647, title I, Sec. 1011(b)(4)(A), (B)(i), Nov. 10, 1988, 102 Stat. 3456, 3457; Pub. L. 104–188, title I, Secs. 1421(b)(4)(B), 1455(d)(3), Aug. 20, 1996, 110 Stat. 1796, 1818; Pub. L. 104–191, title III, Sec. 301(g), Aug. 21, 1996, 110 Stat. 2052; Pub. L. 105–34, title II, Secs. 211(e)(2)(B), (C), 213(c), title XVI, Secs.

1601(d)(1)(C)(ii), 1602(a)(4), Aug. 5, 1997, 111 Stat. 812, 816,  
1087, 1094; Pub. L. 105–277, div. J, title IV, Sec. 4006(c)(4),  
Oct. 21, 1998, 112 Stat. 2681–913; Pub. L. 106–554, Sec. 1(a)(7)  
[title II, Sec. 202(b)(2)(E)], Dec. 21, 2000, 114 Stat. 2763,  
2763A–629; Pub. L. 107–16, title IV, Sec. 402(a)(4)(A), June 7,  
2001, 115 Stat. 60; Pub. L. 107–22, Sec. 1(b)(2)(C), July 26, 2001,  
115 Stat. 197.)

–STATAMEND–

#### AMENDMENT OF SECTION

For termination of amendment by section 901 of Pub. L. 107–16,  
see Effective and Termination Dates of 2001 Amendment note below.

–MISC1–

#### AMENDMENTS

2001 – Subsec. (a)(2)(C). Pub. L. 107–16, Secs. 402(a)(4)(A),  
901, temporarily substituted "qualified tuition" for "qualified  
State tuition". See Effective and Termination Dates of 2001  
Amendment note below.

Subsec. (a)(2)(D). Pub. L. 107–22 substituted "Coverdell  
education savings" for "education individual retirement".

2000 – Subsec. (a)(2)(B). Pub. L. 106–554 substituted "Archer  
MSAs" for "medical savings accounts".

1998 – Subsec. (a)(2)(C), (D). Pub. L. 105–277 substituted  
"section" for "Section".

1997 – Pub. L. 105–34, Sec. 211(e)(2)(C), substituted "certain  
tax-favored" for "individual retirement" in section catchline.

Subsec. (a). Pub. L. 105–34, Sec. 1602(a)(4), inserted concluding

provisions.

Subsec. (a)(2)(C). Pub. L. 105–34, Sec. 211(e)(2)(B), added subpar. (C).

Subsec. (a)(2)(D). Pub. L. 105–34, Sec. 213(c), added subpar. (D).

Subsec. (c)(2). Pub. L. 105–34, Sec. 1601(d)(1)(C)(ii), inserted "and issuer" before "penalties" in heading and "or issuer" before "who fails" in introductory provisions.

1996 – Subsec. (a). Pub. L. 104–191 inserted heading and amended text generally. Prior to amendment, text read as follows: "The person required by subsection (i) or (l) of section 408 to file a report regarding an individual retirement account or individual retirement annuity at the time and in the manner required by such subsection shall pay a penalty of \$50 for each failure unless it is shown that such failure is due to reasonable cause. This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(W)."

Pub. L. 104–188, Sec. 1455(d)(3), inserted at end "This subsection shall not apply to any report which is an information return described in section 6724(d)(1)(C)(i) or a payee statement described in section 6724(d)(2)(W)."

Subsecs. (c), (d). Pub. L. 104–188, Sec. 1421(b)(4)(B), added subsec. (c) and redesignated former subsec. (c) as (d).

1988 – Pub. L. 100–647, Sec. 1011(b)(4)(B)(i), substituted "penalties relating to" for "overstatement of" in section

catchline.

Subsec. (b). Pub. L. 100–647, Sec. 1011(b)(4)(A), substituted

"Penalties relating to" for "Overstatement of designated" in

heading and amended text generally. Prior to amendment, text read

as follows: "Any individual who –

"(1) is required to furnish information under section 408(o)(4)

as to the amount of designated nondeductible contributions made

for any taxable year, and

"(2) overstates the amount of such contributions made for such

taxable year,

shall pay a penalty of \$100 for each such overstatement unless it

is shown that such overstatement is due to reasonable cause."

1986 – Pub. L. 99–514, Sec. 1102(d)(2)(B), inserted ";

overstatement of designated nondeductible contributions" in section

catchline.

Subsec. (b). Pub. L. 99–514, Sec. 1102(d)(1), added subsec. (b).

Former subsec. (b) redesignated (c).

Subsec. (c). Pub. L. 99–514, Sec. 1102(d)(1), (2)(A),

redesignated former subsec. (b) as (c) and substituted "this

section" for "subsection (a)".

1984 – Subsec. (a). Pub. L. 98–369 substituted "\$50" for "\$10".

1980 – Subsec. (a). Pub. L. 96–222 substituted "subsection (i) or

(l) of section 408 to file" for "section 408(i) to file", and "such

subsection shall pay" for "section 408(i) shall pay".

#### EFFECTIVE AND TERMINATION DATES OF 2001 AMENDMENTS

Amendment by Pub. L. 107–22 effective July 26, 2001, see section

1(c) of Pub. L. 107–22, set out as a note under section 26 of this title.

Amendment by Pub. L. 107–16 applicable to taxable years beginning after Dec. 31, 2001, see section 402(h) of Pub. L. 107–16, set out as a note under section 72 of this title.

Amendment by Pub. L. 107–16 inapplicable to taxable, plan, or limitation years beginning after Dec. 31, 2010, and the Internal Revenue Code of 1986 to be applied and administered to such years as if such amendment had never been enacted, see section 901 of Pub. L. 107–16, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by section 211(e)(2)(B), (C) of Pub. L. 105–34 effective Jan. 1, 1998, see section 211(f) of Pub. L. 105–34, set out as a note under section 529 of this title.

Amendment by section 213(c) of Pub. L. 105–34 applicable to taxable years beginning after Dec. 31, 1997, see section 213(f) of Pub. L. 105–34, set out as a note under section 26 of this title.

Amendment by section 1601(d)(1)(C)(ii) of Pub. L. 105–34 effective as if included in the provisions of the Small Business Job Protection Act of 1996, Pub. L. 104–188, to which it relates, see section 1601(j) of Pub. L. 105–34, set out as a note under section 23 of this title.

Amendment by section 1602(a)(4) of Pub. L. 105–34 effective as if included in the provisions of the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104–191, to which such amendment relates, see section 1602(i) of Pub. L. 105–34, set out

as a note under section 26 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENTS

Amendment by Pub. L. 104–191 applicable to taxable years beginning after Dec. 31, 1996, see section 301(j) of Pub. L. 104–191, set out as a note under section 62 of this title.

Amendment by section 1421(b)(4)(B) of Pub. L. 104–188 applicable to taxable years beginning after Dec. 31, 1996, see section 1421(e) of Pub. L. 104–188, set out as a note under section 72 of this title.

Amendment by section 1455(d)(3) of Pub. L. 104–188 applicable to returns, reports, and other statements the due date for which (determined without regard to extensions) is after Dec. 31, 1996, see section 1455(e) of Pub. L. 104–188, set out as a note under section 408 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100–647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99–514, to which such amendment relates, see section 1019(a) of Pub. L. 100–647, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99–514 applicable to contributions and distributions for taxable years beginning after Dec. 31, 1986, see section 1102(g) of Pub. L. 99–514, set out as a note under section 219 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369 applicable to failures occurring after July 18, 1984, see section 147(d)(2) of Pub. L. 98–369, set out as a note under section 219 of this title.

#### EFFECTIVE DATE OF 1980 AMENDMENT

Section 101(b)(1)(F) of Pub. L. 96–222 provided that: "The amendment made by subparagraph (I) of subsection (a)(10) [probably means subpar. (H) of subsec. (a)(10), which amended this section] shall apply with respect to failures occurring [sic] after the date of the enactment of this Act [Apr. 1, 1980]."

#### EFFECTIVE DATE

Section effective Jan. 1, 1975, see section 2002(i)(2) of Pub. L. 93–406, set out as a note under section 4973 of this title.

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1998

For provisions directing that if any amendments made by subtitle D [Secs. 1401–1465] of title I of Pub. L. 104–188 require an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after Jan. 1, 1998, see section 1465 of Pub. L. 104–188, set out as a note under section 401 of this title.

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [Secs. 1101–1147 and 1171–1177] or title XVIII [Secs. 1800–1899A] of Pub. L. 99–514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1, 1989, see section 1140 of Pub. L. 99–514, as amended, set out as a

note under section 401 of this title.

–SECRET–

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 220, 408 of this title.

–End–

–CITE–

26 USC Sec. 6694 01/06/03

–EXPCITE–

## TITLE 26 – INTERNAL REVENUE CODE

### Subtitle F – Procedure and Administration

### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

### ASSESSABLE PENALTIES

#### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6694. Understatement of taxpayer's liability by income tax

return preparer

–STATUTE–

(a) Understatements due to unrealistic positions

If –

(1) any part of any understatement of liability with respect to any return or claim for refund is due to a position for which there was not a realistic possibility of being sustained on its merits,

(2) any person who is an income tax return preparer with respect to such return or claim knew (or reasonably should have

known) of such position, and

(3) such position was not disclosed as provided in section

6662(d)(2)(B)(ii) or was frivolous,

such person shall pay a penalty of \$250 with respect to such return

or claim unless it is shown that there is reasonable cause for the

understatement and such person acted in good faith.

(b) Willful or reckless conduct

If any part of any understatement of liability with respect to

any return or claim for refund is due –

(1) to a willful attempt in any manner to understate the

liability for tax by a person who is an income tax return

preparer with respect to such return or claim, or

(2) to any reckless or intentional disregard of rules or

regulations by any such person,

such person shall pay a penalty of \$1,000 with respect to such

return or claim. With respect to any return or claim, the amount of

the penalty payable by any person by reason of this subsection

shall be reduced by the amount of the penalty paid by such person

by reason of subsection (a).

(c) Extension of period of collection where preparer pays 15

percent of penalty

(1) In general

If, within 30 days after the day on which notice and demand of

any penalty under subsection (a) or (b) is made against any

person who is an income tax return preparer, such person pays an

amount which is not less than 15 percent of the amount of such

penalty and files a claim for refund of the amount so paid, no levy or proceeding in court for the collection of the remainder of such penalty shall be made, begun, or prosecuted until the final resolution of a proceeding begun as provided in paragraph (2). Notwithstanding the provisions of section 7421(a), the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court. Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2).

(2) Preparer must bring suit in district court to determine his liability for penalty

If, within 30 days after the day on which his claim for refund of any partial payment of any penalty under subsection (a) or (b) is denied (or, if earlier, within 30 days after the expiration of 6 months after the day on which he filed the claim for refund), the income tax return preparer fails to begin a proceeding in the appropriate United States district court for the determination of his liability for such penalty, paragraph (1) shall cease to apply with respect to such penalty, effective on the day following the close of the applicable 30-day period referred to in this paragraph.

(3) Suspension of running of period of limitations on collection  
The running of the period of limitations provided in section 6502 on the collection by levy or by a proceeding in court in respect of any penalty described in paragraph (1) shall be

suspended for the period during which the Secretary is prohibited from collecting by levy or a proceeding in court.

(d) Abatement of penalty where taxpayer's liability not understated

If at any time there is a final administrative determination or a final judicial decision that there was no understatement of liability in the case of any return or claim for refund with respect to which a penalty under subsection (a) or (b) has been assessed, such assessment shall be abated, and if any portion of such penalty has been paid the amount so paid shall be refunded to the person who made such payment as an overpayment of tax without regard to any period of limitations which, but for this subsection, would apply to the making of such refund.

(e) Understatement of liability defined

For purposes of this section, the term "understatement of liability" means any understatement of the net amount payable with respect to any tax imposed by subtitle A or any overstatement of the net amount creditable or refundable with respect to any such tax. Except as otherwise provided in subsection (d), the determination of whether or not there is an understatement of liability shall be made without regard to any administrative or judicial action involving the taxpayer.

(f) Cross reference

For definition of income tax return preparer, see section 7701(a)(36).

–SOURCE–

(Added Pub. L. 94–455, title XII, Sec. 1203(b)(1), Oct. 4, 1976, 90

Stat. 1689; amended Pub. L. 101–239, title VII, Secs. 7732(a),  
7737(a), Dec. 19, 1989, 103 Stat. 2402, 2404.)

–COD–

#### CODIFICATION

Another section 6694, relating to failure to file information  
with respect to carryover basis property, which was added by Pub.  
L. 94–455, Sec. 2005(d)(2), was renumbered section 6698 by Pub. L.  
95–600, renumbered section 6698A by Pub. L. 96–222, and repealed by  
Pub. L. 96–223.

–MISC1–

#### AMENDMENTS

1989 – Subsec. (a). Pub. L. 101–239, Sec. 7732(a), substituted  
"Understatements due to unrealistic positions" for "Negligent or  
intentional disregard of rules and regulations" in heading and  
amended text generally. Prior to amendment, text read as follows:  
"If any part of any understatement of liability with respect to any  
return or claim for refund is due to the negligent or intentional  
disregard of rules and regulations by any person who is an income  
tax return preparer with respect to such return or claim, such  
person shall pay a penalty of \$100 with respect to such return or  
claim."

Subsec. (b). Pub. L. 101–239, Sec. 7732(a), substituted "Willful  
or reckless conduct" for "Willful understatement of liability" in  
heading and amended text generally. Prior to amendment, text read  
as follows: "If any part of any understatement of liability with  
respect to any return or claim for refund is due to a willful

attempt in any manner to understate the liability for a tax by a person who is an income tax return preparer with respect to such return or claim, such person shall pay a penalty of \$500 with respect to such return or claim. With respect to any return or claim, the amount of the penalty payable by any person by reason of this subsection shall be reduced by the amount of the penalty paid by such person by reason of subsection (a)."

Subsec. (c)(1). Pub. L. 101-239, Sec. 7737(a), inserted at end

"Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2)."

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7732(b) of Pub. L. 101-239 provided that: "The amendment made by subsection (a) [amending this section] shall apply with respect to documents prepared after December 31, 1989."

-SECRET-

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6103, 6503, 6511, 6696, 6701, 7407, 7421 of this title.

-End-

-CITE-

26 USC Sec. 6695 01/06/03

-EXPCITE-

#### TITLE 26 – INTERNAL REVENUE CODE

#### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

## ASSESSABLE PENALTIES

### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6695. Other assessable penalties with respect to the preparation of income tax returns for other persons

–STATUTE–

##### (a) Failure to furnish copy to taxpayer

Any person who is an income tax return preparer with respect to any return or claim for refund who fails to comply with section 6107(a) with respect to such return or claim shall pay a penalty of \$50 for such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed \$25,000.

##### (b) Failure to sign return

Any person who is an income tax return preparer with respect to any return or claim for refund, who is required by regulations prescribed by the Secretary to sign such return or claim, and who fails to comply with such regulations with respect to such return or claim shall pay a penalty of \$50 for such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed \$25,000.

##### (c) Failure to furnish identifying number

Any person who is an income tax return preparer with respect to any return or claim for refund and who fails to comply with section 6109(a)(4) with respect to such return or claim shall pay a penalty of \$50 for such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed \$25,000.

(d) Failure to retain copy or list

Any person who is an income tax return preparer with respect to any return or claim for refund who fails to comply with section 6107(b) with respect to such return or claim shall pay a penalty of \$50 for each such failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to any return period shall not exceed \$25,000.

(e) Failure to file correct information returns

Any person required to make a return under section 6060 who fails to comply with the requirements of such section shall pay a penalty of \$50 for –

(1) each failure to file a return as required under such section, and

(2) each failure to set forth an item in the return as required under section,

unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to any return period shall

not exceed \$25,000.

(f) Negotiation of check

Any person who is an income tax return preparer who endorses or otherwise negotiates (directly or through an agent) any check made in respect of the taxes imposed by subtitle A which is issued to a taxpayer (other than the income tax return preparer) shall pay a penalty of \$500 with respect to each such check. The preceding sentence shall not apply with respect to the deposit by a bank (within the meaning of section 581) of the full amount of the check in the taxpayer's account in such bank for the benefit of the taxpayer.

(g) Failure to be diligent in determining eligibility for earned income credit

Any person who is an income tax return preparer with respect to any return or claim for refund who fails to comply with due diligence requirements imposed by the Secretary by regulations with respect to determining eligibility for, or the amount of, the credit allowable by section 32 shall pay a penalty of \$100 for each such failure.

–SOURCE–

(Added Pub. L. 94–455, title XII, Sec. 1203(f), Oct. 4, 1976, 90 Stat. 1692; amended Pub. L. 95–600, title VII, Sec. 701(cc)(1), Nov. 6, 1978, 92 Stat. 2923; Pub. L. 98–369, div. A, title I, Sec. 179(b)(2), July 18, 1984, 98 Stat. 718; Pub. L. 99–44, Sec. 1(b), May 24, 1985, 99 Stat. 77; Pub. L. 101–239, title VII, Sec. 7733(a)–(d), Dec. 19, 1989, 103 Stat. 2402, 2403; Pub. L. 105–34,

title X, Sec. 1085(a)(2), Aug. 5, 1997, 111 Stat. 956.)

–MISC1–

## AMENDMENTS

1997 – Subsec. (g). Pub. L. 105–34 added subsec. (g).

1989 – Subsecs. (a) to (c). Pub. L. 101–239, Sec. 7733(a)–(c), substituted "\$50" for "\$25" and inserted at end "The maximum penalty imposed under this subsection on any person with respect to documents filed during any calendar year shall not exceed \$25,000."

Subsec. (e). Pub. L. 101–239, Sec. 7733(d), substituted "returns" for "return" in heading and amended text generally. Prior to amendment, text read as follows: "Any person required to make a return under section 6060 who fails to comply with the requirements of such section shall pay a penalty of –

"(1) \$100 for each failure to file a return as required under such section, and

"(2) \$5 for each failure to set forth an item in the return as required under such section,

unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection on any person with respect to any return period shall not exceed \$20,000."

1985 – Subsec. (b). Pub. L. 99–44 repealed Pub. L. 98–369, Sec.

179(b)(2), which amended subsec. (b), and provided that the Internal Revenue Code of 1954 [now 1986] [this title] shall be applied and administered as if section 179(b)(2) (and the

amendments made by such section) had not been enacted. See 1984

Amendment note and Effective Date of 1985 Amendment note below.

1984 – Subsec. (b). Pub. L. 98–369 amended subsec. (b) generally, substituting provisions dealing with failure to inform taxpayer of certain recordkeeping requirements of section 274(d) of this title or to sign returns, for provisions dealing with failure to sign returns. See 1985 Amendment note above.

1978 – Subsec. (f). Pub. L. 95–600 inserted provision relating to deposits by a bank.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–34 applicable to taxable years beginning after Dec. 31, 1996, see section 1085(e)(1) of Pub. L. 105–34, set out as a note under section 32 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7733(e) of Pub. L. 101–239 provided that: "The amendments made by this section [amending this section] shall apply to documents prepared after December 31, 1989."

#### EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99–44 effective as if included in the amendments made by section 179(b) of Pub. L. 98–369, see section 6(a) of Pub. L. 99–44, set out as a note under section 274 of this title.

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369 applicable to taxable years beginning after Dec. 31, 1984, see section 179(d)(2) of Pub. L. 98–369, set out as an Effective Date note under section 280F of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Section 701(cc)(3) of Pub. L. 95–600 provided that: "The amendments made by this subsection [amending this section and section 7701 of this title] shall apply to documents prepared after December 31, 1976."

REPEAL OF REGULATIONS COVERING SUBSTANTIATION BY ADEQUATE  
CONTEMPORANEOUS RECORDS

Regulations issued before May 24, 1985, to carry out the amendment of subsec. (b) of this section by section 179(b)(2) of Pub. L. 98–369 to have no force and effect, see section 1(c) of Pub. L. 99–44, set out as a note under section 274 of this title.

–SECREP–

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6103, 6504, 6511, 6696, 7407 of this title.

–End–

–CITE–

26 USC Sec. 6696 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6696. Rules applicable with respect to sections 6694 and 6695

–STATUTE–

(a) Penalties to be additional to any other penalties

The penalties provided by section 6694 and 6695 shall be in addition to any other penalties provided by law.

(b) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply with respect to the assessment or collection of the penalties provided by sections 6694 and 6695.

(c) Procedure for claiming refund

Any claim for credit or refund of any penalty paid under section 6694 or 6695 shall be filed in accordance with regulations prescribed by the Secretary.

(d) Periods of limitation

(1) Assessment

The amount of any penalty under section 6694(a) or under section 6695 shall be assessed within 3 years after the return or claim for refund with respect to which the penalty is assessed was filed, and no proceeding in court without assessment for the collection of such tax shall be begun after the expiration of such period. In the case of any penalty under section 6694(b), the penalty may be assessed, or a proceeding in court for the collection of the penalty may be begun without assessment, at any time.

(2) Claim for refund

Except as provided in section 6694(d), any claim for refund of

an overpayment of any penalty assessed under section 6694 or 6695

shall be filed within 3 years from the time the penalty was paid.

(e) Definitions

For purposes of sections 6694 and 6695 –

(1) Return

The term "return" means any return of any tax imposed by subtitle A.

(2) Claim for refund

The term "claim for refund" means a claim for refund of, or credit against, any tax imposed by subtitle A.

–SOURCE–

(Added Pub. L. 94–455, title XII, Sec. 1203(f), Oct. 4, 1976, 90 Stat. 1693.)

–SECREf–

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6107, 6109, 6504, 6511 of this title.

–End–

–CITE–

26 USC Sec. 6697 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

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ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

## PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6697. Assessable penalties with respect to liability for tax of regulated investment companies

–STATUTE–

### (a) Civil penalty

In addition to any other penalty provided by law, any regulated investment company whose tax liability for any taxable year is deemed to be increased pursuant to section 860(c)(1)(A) shall pay a penalty in an amount equal to the amount of the interest (for which such company is liable) which is attributable solely to such increase.

### (b) 50-percent limitation

The penalty payable under this section with respect to any determination shall not exceed one-half of the amount of the deduction allowed by section 860(a) for such taxable year.

### (c) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedure for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

–SOURCE–

(Added Pub. L. 94–455, title XVI, Sec. 1601(b)(1), Oct. 4, 1976, 90 Stat. 1745; amended Pub. L. 95–600, title III, Sec. 362(b), Nov. 6, 1978, 92 Stat. 2851; Pub. L. 99–514, title VI, Sec. 667(a), Oct. 22, 1986, 100 Stat. 2305.)

–MISC1–

## AMENDMENTS

1986 – Pub. L. 99–514 substituted "regulated investment companies" for "real estate investment entities" in section catchline.

Subsec. (a). Pub. L. 99–514 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "In addition to any other penalty provided by law, any qualified investment entity (as defined in section 860(b)) whose tax liability for any taxable year is deemed to be increased pursuant to section 860(c)(1)(A) (relating to interest and additions to tax determined with respect to the amount of the deduction for deficiency dividends allowed) shall pay a penalty in an amount equal to the amount of interest (for which such entity is liable) which is attributable solely to such increase."

1978 – Pub. L. 95–600 substituted "qualified investment entities" for "real estate investment trusts" in section catchline.

Subsec. (a). Pub. L. 95–600 substituted "qualified investment entity (as defined in section 860(b))" for "real estate investment trust", "section 860(c)(1)(A)" for "section 859(b)(2)(A)", and "(for which such entity is liable) which" for "for which such trust is liable that".

Subsec. (b). Pub. L. 95–600 substituted "section 860(a)" for "section 859(a)".

Subsec. (c). Pub. L. 95–600 reenacted subsec. (c) without change.

## EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99–514 applicable to taxable years beginning after Dec. 31, 1986, see section 669 of Pub. L. 99–514, set out as a note under section 856 of this title.

#### EFFECTIVE DATE OF 1978 AMENDMENT

Amendment by Pub. L. 95–600 applicable with respect to determinations (as defined in section 860(e) of this title) after Nov. 6, 1978, see section 362(e) of Pub. L. 95–600, set out as an Effective Date note under section 860 of this title.

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 860 of this title.

–End–

–CITE–

26 USC Sec. 6698 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

#### ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6698. Failure to file partnership return

–STATUTE–

(a) General rule

In addition to the penalty imposed by section 7203 (relating to

willful failure to file return, supply information, or pay tax), if any partnership required to file a return under section 6031 for any taxable year –

- (1) fails to file such return at the time prescribed therefor (determined with regard to any extension of time for filing), or
- (2) files a return which fails to show the information required under section 6031,

such partnership shall be liable for a penalty determined under subsection (b) for each month (or fraction thereof) during which such failure continues (but not to exceed 5 months), unless it is shown that such failure is due to reasonable cause.

(b) Amount per month

For purposes of subsection (a), the amount determined under this subsection for any month is the product of –

- (1) \$50, multiplied by
- (2) the number of persons who were partners in the partnership during any part of the taxable year

(c) Assessment of penalty

The penalty imposed by subsection (a) shall be assessed against the partnership.

(d) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by subsection (a).

–SOURCE–

(Added Pub. L. 95–600, title II, Sec. 211(a), Nov. 6, 1978, 92

Stat. 2817.)

–COD–

#### CODIFICATION

Another section 6698, formerly section 6694, relating to failure to file information with respect to carryover basis property, which was added by Pub. L. 94–455, Sec. 2005(d)(2), was renumbered section 6698 by Pub. L. 95–600, renumbered section 6698A by Pub. L. 96–222, and repealed by Pub. L. 96–223.

–MISC1–

#### EFFECTIVE DATE

Section 211(c) of Pub. L. 95–600 provided that: "The amendments made by this section [enacting this section] shall apply with respect to returns for taxable years beginning after December 31, 1978."

–End–

–CITE–

26 USC [Sec. 6698A 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

#### ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6698A. Repealed. Pub. L. 96–223, title IV, Sec. 401(a), Apr. 2, 1980, 94 Stat. 299]

–MISC1–

Section, added Pub. L. 94–455, title XX, Sec. 2005(d)(2), Oct. 4, 1976, 90 Stat. 1878, Sec. 6694; renumbered Sec. 6698 and amended Pub. L. 95–600, title VII, Sec. 702(r)(1)(A), (B), Nov. 6, 1978, 92 Stat. 2938; renumbered Sec. 6698A, Pub. L. 96–222, title I, Sec. 107(a)(2)(D), Apr. 1, 1980, 94 Stat. 223, related to failure of an executor to file information with respect to carryover basis property. Repeal was achieved by repealing section 2005(d)(2) of Pub. L. 94–455 and section 702(r)(1)(A), (B) of Pub. L. 95–600 and the amendments made by those sections.

#### EFFECTIVE DATE OF REPEAL AND REVIVAL OF PRIOR LAW

Repeal applicable in respect of decedents dying after Dec. 31, 1976, and, except for certain elections, this title to be applied and administered as if this section had not been enacted, see section 401(b), (e) of Pub. L. 96–223, set out as an Effective Date of 1980 Amendment and Revival of Prior Law note under section 1023 of this title.

–End–

–CITE–

26 USC [Sec. 6699 01/06/03

–EXPCITE–

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### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

[Sec. 6699. Repealed. Pub. L. 99–514, title XI, Sec. 1171(b)(7)(A),  
Oct. 22, 1986, 100 Stat. 2513]

–MISC1–

Section, added Pub. L. 95–600, title I, Sec. 141(c)(1), Nov. 6,  
1978, 92 Stat. 2794; amended Pub. L. 96–222, title I, Sec.  
101(a)(7)(L)(iii)(VI), (v)(IX), Apr. 1, 1980, 94 Stat. 200; Pub. L.  
97–34, title III, Sec. 331(c)(3), (4), Aug. 13, 1981, 95 Stat. 293,  
294; Pub. L. 97–448, title I, Sec. 103(g)(2)(B)–(D), Jan. 12, 1983,  
96 Stat. 2379; Pub. L. 98–369, div. A, title IV, Sec. 491(e)(9),  
July 18, 1984, 98 Stat. 853; Pub. L. 99–514, title XVIII, Sec.  
1847(b)(9), Oct. 22, 1986, 100 Stat. 2857, related to assessable  
penalties applicable to tax credit employee stock ownership plans.

#### EFFECTIVE DATE OF REPEAL

Repeal applicable to compensation paid or accrued after Dec. 31,  
1986, in taxable years ending after such date, but this section to  
continue to apply with respect to credits under section 41 of this  
title attributable to compensation paid or accrued before Jan. 1,  
1987 (or under section 38 of this title with respect to qualified  
investment before Jan. 1, 1983), see section 1171(c) of Pub. L.  
99–514, set out as an Effective Date of 1986 Amendment note under  
section 38 of this title.

–End–

–CITE–

26 USC Sec. 6700 01/06/03

–EXPCITE–

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Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6700. Promoting abusive tax shelters, etc.

–STATUTE–

(a) Imposition of penalty

Any person who –

(1)(A) organizes (or assists in the organization of) –

(i) a partnership or other entity,

(ii) any investment plan or arrangement, or

(iii) any other plan or arrangement, or

(B) participates (directly or indirectly) in the sale of any interest in an entity or plan or arrangement referred to in subparagraph (A), and

(2) makes or furnishes or causes another person to make or furnish (in connection with such organization or sale) –

(A) a statement with respect to the allowability of any deduction or credit, the excludability of any income, or the securing of any other tax benefit by reason of holding an

interest in the entity or participating in the plan or arrangement which the person knows or has reason to know is false or fraudulent as to any material matter, or (B) a gross valuation overstatement as to any material matter, shall pay, with respect to each activity described in paragraph (1), a penalty equal to the \$1,000 or, if the person establishes that it is lesser, 100 percent of the gross income derived (or to be derived) by such person from such activity. For purposes of the preceding sentence, activities described in paragraph (1)(A) with respect to each entity or arrangement shall be treated as a separate activity and participation in each sale described in paragraph (1)(B) shall be so treated.

(b) Rules relating to penalty for gross valuation overstatements

(1) Gross valuation overstatement defined

For purposes of this section, the term "gross valuation overstatement" means any statement as to the value of any property or services if –

(A) the value so stated exceeds 200 percent of the amount determined to be the correct valuation, and

(B) the value of such property or services is directly related to the amount of any deduction or credit allowable under chapter 1 to any participant.

(2) Authority to waive

The Secretary may waive all or any part of the penalty provided by subsection (a) with respect to any gross valuation

overstatement on a showing that there was a reasonable basis for the valuation and that such valuation was made in good faith.

(c) Penalty in addition to other penalties

The penalty imposed by this section shall be in addition to any other penalty provided by law.

–SOURCE–

(Added Pub. L. 97–248, title III, Sec. 320(a), Sept. 3, 1982, 96 Stat. 611; amended Pub. L. 98–369, div. A, title I, Sec. 143(a), July 18, 1984, 98 Stat. 682; Pub. L. 101–239, title VII, Sec. 7734(a), Dec. 19, 1989, 103 Stat. 2403.)

–MISC1–

AMENDMENTS

1989 – Subsec. (a). Pub. L. 101–239, Sec. 7734(a)(3), added concluding provision and struck out former concluding provision which read as follows: "shall pay a penalty equal to the greater of \$1,000 or 20 percent of the gross income derived or to be derived by such person from such activity."

Subsec. (a)(1)(B). Pub. L. 101–239, Sec. 7734(a)(1), inserted "(directly or indirectly)" after "participates".

Subsec. (a)(2). Pub. L. 101–239, Sec. 7734(a)(2), inserted "or causes another person to make or furnish" after "makes or furnishes" in introductory provisions.

1984 – Subsec. (a). Pub. L. 98–369 substituted "20 percent" for "10 percent".

EFFECTIVE DATE OF 1989 AMENDMENT

Section 7734(b) of Pub. L. 101–239 provided that: "The amendment

made by subsection (a) [amending this section] shall apply to activities after December 31, 1989."

#### EFFECTIVE DATE OF 1984 AMENDMENT

Section 143(c) of Pub. L. 98-369 provided that: "The amendments made by this section [amending this section and section 7408 of this title] shall take effect on the day after the date of the enactment of this Act [July 18, 1984]."

#### EFFECTIVE DATE

Section 320(c) of Pub. L. 97-248 provided that: "The amendments made by this section [enacting this section] shall take effect on the day after the date of the enactment of this Act [Sept. 3, 1982]."

~~–SECRET–~~

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6701, 6703, 7408, 7422 of this title; title 28 section 1509.

~~–End–~~

~~–CITE–~~

26 USC Sec. 6701 01/06/03

~~–EXPCITE–~~

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Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6701. Penalties for aiding and abetting understatement of tax liability

–STATUTE–

(a) Imposition of penalty

Any person –

(1) who aids or assists in, procures, or advises with respect to, the preparation or presentation of any portion of a return, affidavit, claim, or other document,

(2) who knows (or has reason to believe) that such portion will be used in connection with any material matter arising under the internal revenue laws, and

(3) who knows that such portion (if so used) would result in an understatement of the liability for tax of another person, shall pay a penalty with respect to each such document in the amount determined under subsection (b).

(b) Amount of penalty

(1) In general

Except as provided in paragraph (2), the amount of the penalty imposed by subsection (a) shall be \$1,000.

(2) Corporations

If the return, affidavit, claim, or other document relates to the tax liability of a corporation, the amount of the penalty imposed by subsection (a) shall be \$10,000.

(3) Only 1 penalty per person per period

If any person is subject to a penalty under subsection (a) with

respect to any document relating to any taxpayer for any taxable period (or where there is no taxable period, any taxable event), such person shall not be subject to a penalty under subsection (a) with respect to any other document relating to such taxpayer for such taxable period (or event).

(c) Activities of subordinates

(1) In general

For purposes of subsection (a), the term "procures" includes –

(A) ordering (or otherwise causing) a subordinate to do an act, and

(B) knowing of, and not attempting to prevent, participation by a subordinate in an act.

(2) Subordinate

For purposes of paragraph (1), the term "subordinate" means any other person (whether or not a director, officer, employee, or agent of the taxpayer involved) over whose activities the person has direction, supervision, or control.

(d) Taxpayer not required to have knowledge

Subsection (a) shall apply whether or not the understatement is with the knowledge or consent of the persons authorized or required to present the return, affidavit, claim, or other document.

(e) Certain actions not treated as aid or assistance

For purposes of subsection (a)(1), a person furnishing typing, reproducing, or other mechanical assistance with respect to a document shall not be treated as having aided or assisted in the preparation of such document by reason of such assistance.

(f) Penalty in addition to other penalties

(1) In general

Except as provided by paragraphs (2) and (3), the penalty imposed by this section shall be in addition to any other penalty provided by law.

(2) Coordination with return preparer penalties

No penalty shall be assessed under subsection (a) or (b) of section 6694 on any person with respect to any document for which a penalty is assessed on such person under subsection (a).

(3) Coordination with section 6700

No penalty shall be assessed under section 6700 on any person with respect to any document for which a penalty is assessed on such person under subsection (a).

–SOURCE–

(Added Pub. L. 97–248, title III, Sec. 324(a), Sept. 3, 1982, 96 Stat. 615; amended Pub. L. 101–239, title VII, Sec. 7735(a), (b), Dec. 19, 1989, 103 Stat. 2403.)

–MISC1–

#### AMENDMENTS

1989 – Subsec. (a)(1). Pub. L. 101–239, Sec. 7735(a)(1), struck out "in connection with any matter arising under the internal revenue laws" after "other document".

Subsec. (a)(2). Pub. L. 101–239, Sec. 7735(a)(2), inserted "(or has reason to believe)" after "who knows".

Subsec. (a)(3). Pub. L. 101–239, Sec. 7735(a)(3), substituted "would result" for "will result".

Subsec. (f)(1). Pub. L. 101–239, Sec. 7735(b)(2), substituted

"paragraphs (2) and (3)" for "paragraph (2)".

Subsec. (f)(3). Pub. L. 101–239, Sec. 7735(b)(1), added par. (3).

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7735(c) of Pub. L. 101–239 provided that: "The amendments made by this section [amending this section] shall take effect on December 31, 1989."

#### EFFECTIVE DATE

Section 324(c) of Pub. L. 97–248 provided that: "The amendments made by this section [enacting this section] shall take effect on the day after the date of the enactment of this Act [Sept. 3, 1982]."

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 6703, 7408, 7422 of this title; title 28 section 1509; title 31 section 330.

–End–

–CITE–

26 USC Sec. 6702 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

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PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6702. Frivolous income tax return

–STATUTE–

(a) Civil penalty

If –

(1) any individual files what purports to be a return of the tax imposed by subtitle A but which –

(A) does not contain information on which the substantial correctness of the self–assessment may be judged, or

(B) contains information that on its face indicates that the self–assessment is substantially incorrect; and

(2) the conduct referred to in paragraph (1) is due to –

(A) a position which is frivolous, or

(B) a desire (which appears on the purported return) to delay or impede the administration of Federal income tax laws,

then such individual shall pay a penalty of \$500.

(b) Penalty in addition to other penalties

The penalty imposed by subsection (a) shall be in addition to any other penalty provided by law.

–SOURCE–

(Added Pub. L. 97–248, title III, Sec. 326(a), Sept. 3, 1982, 96 Stat. 617.)

–MISC1–

EFFECTIVE DATE

Section 326(c) of Pub. L. 97–248 provided that: "The amendments made by this section [enacting this section] shall apply with

respect to documents filed after the date of the enactment of this

Act [Sept. 3, 1982]."

~~–SECRET–~~

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6703 of this title.

~~–End–~~

~~–CITE–~~

26 USC Sec. 6703 01/06/03

~~–EXPCITE–~~

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Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

~~–HEAD–~~

Sec. 6703. Rules applicable to penalties under sections 6700, 6701,

and 6702

~~–STATUTE–~~

(a) Burden of proof

In any proceeding involving the issue of whether or not any person is liable for a penalty under section 6700, 6701, or 6702, the burden of proof with respect to such issue shall be on the Secretary.

(b) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures)

shall not apply with respect to the assessment or collection of the penalties provided by sections 6700, 6701, and 6702.

(c) Extension of period of collection where person pays 15 percent of penalty

(1) In general

If, within 30 days after the day on which notice and demand of any penalty under section 6700 or 6701 is made against any person, such person pays an amount which is not less than 15 percent of the amount of such penalty and files a claim for refund of the amount so paid, no levy or proceeding in court for the collection of the remainder of such penalty shall be made, begun, or prosecuted until the final resolution of a proceeding begun as provided in paragraph (2). Notwithstanding the provisions of section 7421(a), the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court. Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2).

(2) Person must bring suit in district court to determine his liability for penalty

If, within 30 days after the day on which his claim for refund of any partial payment of any penalty under section 6700 or 6701 is denied (or, if earlier, within 30 days after the expiration of 6 months after the day on which he filed the claim for refund), the person fails to begin a proceeding in the appropriate United

States district court for the determination of his liability for such penalty, paragraph (1) shall cease to apply with respect to such penalty, effective on the day following the close of the applicable 30-day period referred to in this paragraph.

(3) Suspension of running of period of limitations on collection

The running of the period of limitations provided in section 6502 on the collection by levy or by a proceeding in court in respect of any penalty described in paragraph (1) shall be suspended for the period during which the Secretary is prohibited from collecting by levy or a proceeding in court.

–SOURCE–

(Added Pub. L. 97–248, title III, Sec. 322(a), Sept. 3, 1982, 96 Stat. 612; amended Pub. L. 101–239, title VII, Secs. 7736(a), 7737(a), Dec. 19, 1989, 103 Stat. 2404.)

–MISC1–

#### AMENDMENTS

1989 – Subsec. (c)(1). Pub. L. 101–239, Sec. 7737(a), inserted at end "Nothing in this paragraph shall be construed to prohibit any counterclaim for the remainder of such penalty in a proceeding begun as provided in paragraph (2)."

Pub. L. 101–239, Sec. 7736(a), substituted "section 6700 or 6701" for "section 6700, 6701, or 6702".

Subsec. (c)(2). Pub. L. 101–239, Sec. 7736(a), substituted "section 6700 or 6701" for "section 6700, 6701, or 6702".

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7736(b) of Pub. L. 101–239 provided that: "The amendment

made by subsection (a) [amending this section] shall apply to returns filed after December 31, 1989."

#### EFFECTIVE DATE

Section 322(c) of Pub. L. 97-248 provided that: "The amendments made by this section [enacting this section] shall take effect on the day after the date of the enactment of this Act [Sept. 3, 1982]."

-End-

-CITE-

26 USC Sec. 6704 01/06/03

-EXPCITE-

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#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

-HEAD-

Sec. 6704. Failure to keep records necessary to meet reporting requirements under section 6047(d)

-STATUTE-

##### (a) Liability for penalty

Any person who –

(1) has a duty to report or may have a duty to report any information under section 6047(d), and

(2) fails to keep such records as may be required by

regulations prescribed under section 6047(d) for the purpose of providing the necessary data base for either current reporting or future reporting,

shall pay a penalty for each calendar year for which there is any failure to keep such records.

(b) Amount of penalty

(1) In general

The penalty of any person for any calendar year shall be \$50, multiplied by the number of individuals with respect to whom such failure occurs in such year.

(2) Maximum amount

The penalty under this section of any person for any calendar year shall not exceed \$50,000.

(c) Exceptions

(1) Reasonable cause

No penalty shall be imposed by this section on any person for any failure which is shown to be due to reasonable cause and not to willful neglect.

(2) Inability to correct previous failure

No penalty shall be imposed by this section on any failure by a person if such failure is attributable to a prior failure which has been penalized under this section and with respect to which the person has made all reasonable efforts to correct the failure.

(3) Pre-1983 failures

No penalty shall be imposed by this section on any person for

any failure which is attributable to a failure occurring before January 1, 1983, if the person has made all reasonable efforts to correct such pre-1983 failure.

–SOURCE–

(Added Pub. L. 97-248, title III, Sec. 334(c)(1), Sept. 3, 1982, 96 Stat. 627; amended Pub. L. 99-514, title XVIII, Sec. 1848(e)(1), Oct. 22, 1986, 100 Stat. 2857.)

–MISC1–

#### AMENDMENTS

1986 – Pub. L. 99-514 substituted "section 6047(d)" for "section 6047(e)" in section catchline and in subsec. (a).

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98-369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99-514, set out as a note under section 48 of this title.

#### EFFECTIVE DATE

Section effective Jan. 1, 1985, see section 334(e)(3) of Pub. L. 97-248, set out as a note under section 3405 of this title.

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1989

For provisions directing that if any amendments made by subtitle A or subtitle C of title XI [Secs. 1101-1147 and 1171-1177] or title XVIII [Secs. 1800-1899A] of Pub. L. 99-514 require an amendment to any plan, such plan amendment shall not be required to be made before the first plan year beginning on or after Jan. 1,

1989, see section 1140 of Pub. L. 99–514, as amended, set out as a note under section 401 of this title.

–SECREf–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6047 of this title.

–End–

–CITE–

26 USC Sec. 6705 01/06/03

–EXPCITE–

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ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6705. Failure by broker to provide notice to payors

–STATUTE–

(a) In general

Any person required under section 3406(d)(2)(B) to provide notice to any payor who willfully fails to provide such notice to such payor shall pay a penalty of \$500 for each such failure.

(b) Penalty in addition to other penalties

Any penalty imposed by this section shall be in addition to any other penalty provided by law.

–SOURCE–

(Added Pub. L. 98–67, title I, Sec. 104(c)(1), Aug. 5, 1983, 97

Stat. 379.)

–MISC1–

#### EFFECTIVE DATE

Section effective with respect to payments made after Dec. 31, 1983, see section 110(a) of Pub. L. 98–67, set out as an Effective Date of 1983 Amendment note under section 31 of this title.

–End–

–CITE–

26 USC Sec. 6706 01/06/03

–EXPCITE–

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##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6706. Original issue discount information requirements

–STATUTE–

(a) Failure to show information on debt instrument

In the case of a failure to set forth on a debt instrument the information required to be set forth on such instrument under section 1275(c)(1), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the issuer shall pay a penalty of \$50 for each instrument with respect to which such a

failure exists.

(b) Failure to furnish information to Secretary

Any issuer who fails to furnish information required under section 1275(c)(2) with respect to any issue of debt instruments on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty equal to 1 percent of the aggregate issue price of such issue, unless it is shown that such failure is due to reasonable cause and not willful neglect. The amount of the penalty imposed under the preceding sentence with respect to any issue of debt instruments shall not exceed \$50,000 for such issue.

(c) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.

–SOURCE–

(Added Pub. L. 98–369, div. A, title I, Sec. 41(c)(1), July 18, 1984, 98 Stat. 555.)

–MISC1–

EFFECTIVE DATE

Section effective on day 30 days after July 18, 1984, see section 44(h) of Pub. L. 98–369, set out as a note under section 1271 of this title.

–SECREP–

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1275 of this title.

–End–

–CITE–

26 USC Sec. 6707 01/06/03

–EXPCITE–

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PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6707. Failure to furnish information regarding tax shelters

–STATUTE–

(a) Failure to register tax shelter

(1) Imposition of penalty

If a person who is required to register a tax shelter under  
section 6111(a) –

(A) fails to register such tax shelter on or before the date  
described in section 6111(a)(1), or

(B) files false or incomplete information with the Secretary  
with respect to such registration,

such person shall pay a penalty with respect to such registration  
in the amount determined under paragraph (2) or (3), as the case  
may be. No penalty shall be imposed under the preceding sentence  
with respect to any failure which is due to reasonable cause.

(2) Amount of penalty

Except as provided in paragraph (3), the penalty imposed under paragraph (1) with respect to any tax shelter shall be an amount equal to the greater of –

(A) 1 percent of the aggregate amount invested in such tax shelter, or

(B) \$500.

(3) Confidential arrangements

(A) In general

In the case of a tax shelter (as defined in section 6111(d)), the penalty imposed under paragraph (1) shall be an amount equal to the greater of –

(i) 50 percent of the fees paid to all promoters of the tax shelter with respect to offerings made before the date such shelter is registered under section 6111, or

(ii) \$10,000.

Clause (i) shall be applied by substituting "75 percent" for "50 percent" in the case of an intentional failure or act described in paragraph (1).

(B) Special rule for participants required to register shelter

In the case of a person required to register such a tax shelter by reason of section 6111(d)(3) –

(i) such person shall be required to pay the penalty under paragraph (1) only if such person actually participated in such shelter,

(ii) the amount of such penalty shall be determined by

taking into account under subparagraph (A)(i) only the fees paid by such person, and

(iii) such penalty shall be in addition to the penalty imposed on any other person for failing to register such shelter.

(b) Failure to furnish tax shelter identification number

(1) Sellers, etc.

Any person who fails to furnish the identification number of a tax shelter which such person is required to furnish under section 6111(b)(1) shall pay a penalty of \$100 for each such failure.

(2) Failure to include number on return

Any person who fails to include an identification number on a return on which such number is required to be included under section 6111(b)(2) shall pay a penalty of \$250 for each such failure, unless such failure is due to reasonable cause.

–SOURCE–

(Added Pub. L. 98–369, div. A, title I, Sec. 141(b), July 18, 1984, 98 Stat. 680; amended Pub. L. 99–514, title XV, Secs. 1532(a), 1533(a), Oct. 22, 1986, 100 Stat. 2750; Pub. L. 105–34, title X, Sec. 1028(b), (d), Aug. 5, 1997, 111 Stat. 927, 928.)

–MISC1–

#### AMENDMENTS

1997 – Subsec. (a)(1). Pub. L. 105–34, Sec. 1028(d)(2), which directed the substitution of "paragraph (2) or (3), as the case may be" for "paragraph (2)" in subpar. (A) of par. (1), was executed by

making the substitution in the concluding provisions of par. (1) to reflect the probable intent of Congress.

Subsec. (a)(2). Pub. L. 105–34, Sec. 1028(d)(1), substituted "Except as provided in paragraph (3), the penalty" for "The penalty".

Subsec. (a)(3). Pub. L. 105–34, Sec. 1028(b), added par. (3).

1986 – Subsec. (a)(2). Pub. L. 99–514, Sec. 1532(a), amended par. (2) generally. Prior to amendment, par. (2) read as follows: "The penalty imposed under paragraph (1) with respect to any tax shelter shall be an amount equal to the greater of –

"(A) \$500, or

"(B) the lesser of (i) 1 percent of the aggregate amount invested in such tax shelter, or (ii) \$10,000.

The \$10,000 limitation in subparagraph (B) shall not apply where there is an intentional disregard of the requirements of section 6111(a)."

Subsec. (b)(2). Pub. L. 99–514, Sec. 1533(a), substituted "\$250" for "\$50".

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–34 applicable to any tax shelter, as defined in section 6111(d) of this title, interests in which are offered to potential participants after Secretary of the Treasury prescribes guidance with respect to meeting requirements added by amendments made by Pub. L. 105–34, Sec. 1028, see section 1028(e) of Pub. L. 105–34, set out as a note under section 6111 of this title.

## EFFECTIVE DATE OF 1986 AMENDMENT

Section 1532(b) of Pub. L. 99-514 provided that: "The amendment made by this section [amending this section] shall apply to failures with respect to tax shelters interests in which are first offered for sale after the date of the enactment of this Act [Oct. 22, 1986]."

Section 1533(b) of Pub. L. 99-514 provided that: "The amendment made by this section [amending this section] shall apply to returns filed after the date of the enactment of this Act [Oct 22, 1986]."

## EFFECTIVE DATE

Section applicable to tax shelters (within the meaning of section 6111 of this title), any interest in which is first sold to any investor after Aug. 31, 1984, see section 141(d) of Pub. L. 98-369, set out as a note under section 6111 of this title.

-End-

-CITE-

26 USC Sec. 6708 01/06/03

-EXPCITE-

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#### Subchapter B – Assessable Penalties

## PART I – GENERAL PROVISIONS

-HEAD-

Sec. 6708. Failure to maintain lists of investors in potentially

abusive tax shelters

–STATUTE–

(a) In general

Any person who fails to meet any requirement imposed by section 6112 shall pay a penalty of \$50 for each person with respect to whom there is such a failure, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection for any calendar year shall not exceed \$100,000.

(b) Penalty in addition to other penalties

The penalty imposed by this section shall be in addition to any other penalty provided by law.

–SOURCE–

(Added Pub. L. 98–369, div. A, title I, Sec. 142(b), July 18, 1984, 98 Stat. 682; amended Pub. L. 99–514, title XV, Sec. 1534(a), Oct. 22, 1986, 100 Stat. 2750.)

–COD–

CODIFICATION

Another section 6708 was renumbered section 6709 of this title.

–MISC1–

AMENDMENTS

1986 – Subsec. (a). Pub. L. 99–514 substituted "\$100,000" for "\$50,000".

EFFECTIVE DATE OF 1986 AMENDMENT

Section 1534(b) of Pub. L. 99–514 provided that: "The amendments made by this section [amending this section] shall apply to

failures occurring or continuing after the date of the enactment of this Act [Oct. 22, 1986]."

#### EFFECTIVE DATE

Section applicable to any interest which is first sold to any investor after Aug. 31, 1984, see section 142(d) of Pub. L. 98-369, set out as a note under section 6112 of this title.

–End–

–CITE–

26 USC Sec. 6709 01/06/03

–EXPCITE–

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#### ASSESSABLE PENALTIES

Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6709. Penalties with respect to mortgage credit certificates

–STATUTE–

(a) Negligence

If –

(1) any person makes a material misstatement in any verified written statement made under penalties of perjury with respect to the issuance of a mortgage credit certificate, and

(2) such misstatement is due to the negligence of such person, such person shall pay a penalty of \$1,000 for each mortgage credit

certificate with respect to which such a misstatement was made.

(b) Fraud

If a misstatement described in subsection (a)(1) is due to fraud on the part of the person making such misstatement, in addition to any criminal penalty, such person shall pay a penalty of \$10,000 for each mortgage credit certificate with respect to which such a misstatement is made.

(c) Reports

Any person required by section 25(g) to file a report with the Secretary who fails to file the report with respect to any mortgage credit certificate at the time and in the manner required by the Secretary shall pay a penalty of \$200 for such failure unless it is shown that such failure is due to reasonable cause and not to willful neglect. In the case of any report required under the second sentence of section 25(g), the aggregate amount of the penalty imposed by the preceding sentence shall not exceed \$2,000.

(d) Mortgage credit certificate

The term "mortgage credit certificate" has the meaning given to such term by section 25(c).

–SOURCE–

(Added Pub. L. 98–369, div. A, title VI, Sec. 612(d)(1), July 18, 1984, 98 Stat. 912, Sec. 6708; renumbered Sec. 6709, Pub. L. 99–514, title XVIII, Sec. 1862(d)(2), Oct. 22, 1986, 100 Stat. 2884.)

–MISC1–

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99–514 effective, except as otherwise provided, as if included in the provisions of the Tax Reform Act of 1984, Pub. L. 98–369, div. A, to which such amendment relates, see section 1881 of Pub. L. 99–514, set out as a note under section 48 of this title.

#### EFFECTIVE DATE

Section applicable to interest paid or accrued after Dec. 31, 1984, on indebtedness incurred after Dec. 31, 1984, see section 612(g) of Pub. L. 98–369, set out as a note under section 25 of this title.

–End–

–CITE–

26 USC Sec. 6710 01/06/03

–EXPCITE–

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##### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6710. Failure to disclose that contributions are nondeductible

–STATUTE–

(a) Imposition of penalty

If there is a failure to meet the requirement of section 6113 with respect to a fundraising solicitation by (or on behalf of) an

organization to which section 6113 applies, such organization shall pay a penalty of \$1,000 for each day on which such a failure occurred. The maximum penalty imposed under this subsection on failures by any organization during any calendar year shall not exceed \$10,000.

(b) Reasonable cause exception

No penalty shall be imposed under this section with respect to any failure if it is shown that such failure is due to reasonable cause.

(c) \$10,000 limitation not to apply where intentional disregard

If any failure to which subsection (a) applies is due to intentional disregard of the requirement of section 6113 –

(1) the penalty under subsection (a) for the day on which such failure occurred shall be the greater of –

(A) \$1,000, or

(B) 50 percent of the aggregate cost of the solicitations

which occurred on such day and with respect to which there was such a failure,

(2) the \$10,000 limitation of subsection (a) shall not apply to any penalty under subsection (a) for the day on which such failure occurred, and

(3) such penalty shall not be taken into account in applying such limitation to other penalties under subsection (a).

(d) Day on which failure occurs

For purposes of this section, any failure to meet the requirement of section 6113 with respect to a solicitation –

(1) by television or radio, shall be treated as occurring when

the solicitation was telecast or broadcast,

(2) by mail, shall be treated as occurring when the

solicitation was mailed,

(3) not by mail but in written or printed form, shall be

treated as occurring when the solicitation was distributed, or

(4) by telephone, shall be treated as occurring when the

solicitation was made.

–SOURCE–

(Added Pub. L. 100–203, title X, Sec. 10701(b), Dec. 22, 1987, 101

Stat. 1330–458.)

–MISC1–

EFFECTIVE DATE

Section applicable to solicitations after Jan. 31, 1988, see

section 10701(d) of Pub. L. 100–203, set out as a note under

section 6113 of this title.

–SECREf–

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6711 of this title.

–End–

–CITE–

26 USC Sec. 6711 01/06/03

–EXPCITE–

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### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6711. Failure by tax-exempt organization to disclose that certain information or service available from Federal Government

–STATUTE–

#### (a) Imposition of penalty

If –

(1) a tax-exempt organization offers to sell (or solicits money for) specific information or a routine service for any individual which could be readily obtained by such individual free of charge (or for a nominal charge) from an agency of the Federal Government,

(2) the tax-exempt organization, when making such offer or solicitation, fails to make an express statement (in a conspicuous and easily recognizable format) that the information or service can be so obtained, and

(3) such failure is due to intentional disregard of the requirements of this subsection,

such organization shall pay a penalty determined under subsection

(b) for each day on which such a failure occurred.

#### (b) Amount of penalty

The penalty under subsection (a) for any day on which a failure referred to in such subsection occurred shall be the greater of –

(1) \$1,000, or

(2) 50 percent of the aggregate cost of the offers and solicitations referred to in subsection (a)(1) which occurred on such day and with respect to which there was such a failure.

(c) Definitions

For purposes of this section –

(1) Tax–exempt organization

The term "tax–exempt organization" means any organization which

–

(A) is described in subsection (c) or (d) of section 501 and exempt from taxation under section 501(a), or

(B) is a political organization (as defined in section 527(e)).

(2) Day on which failure occurs

The day on which any failure referred to in subsection (a) occurs shall be determined under rules similar to the rules of section 6710(d).

–SOURCE–

(Added Pub. L. 100–203, title X, Sec. 10705(a), Dec. 22, 1987, 101 Stat. 1330–463.)

–MISC1–

EFFECTIVE DATE

Section 10705(c) of Pub. L. 100–203 provided that: "The amendments made by this section [enacting this section] shall apply to offers and solicitations after January 31, 1988."

–End–

–CITE–

–EXPCITE–

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Subchapter B – Assessable Penalties

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6712. Failure to disclose treaty–based return positions

–STATUTE–

(a) General rule

If a taxpayer fails to meet the requirements of section 6114,  
there is hereby imposed a penalty equal to \$1,000 (\$10,000 in the  
case of a C corporation) on each such failure.

(b) Authority to waive

The Secretary may waive all or any part of the penalty provided  
by this section on a showing by the taxpayer that there was  
reasonable cause for the failure and that the taxpayer acted in  
good faith.

(c) Penalty in addition to other penalties

The penalty imposed by this section shall be in addition to any  
other penalty imposed by law.

–SOURCE–

(Added Pub. L. 100–647, title I, Sec. 1012(aa)(5)(B), Nov. 10,  
1988, 102 Stat. 3532.)

–COD–

## CODIFICATION

Another section 6712 was renumbered section 6713 of this title.

–MISC1–

## EFFECTIVE DATE

Section applicable to taxable periods the due date for filing returns for which (without extension) occurs after Dec. 31, 1988, see section 1012(aa)(5)(D) of Pub. L. 100–647, set out as a note under section 6114 of this title.

–End–

–CITE–

26 USC Sec. 6713 01/06/03

–EXPCITE–

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#### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6713. Disclosure or use of information by preparers of returns

–STATUTE–

#### (a) Imposition of penalty

If any person who is engaged in the business of preparing, or providing services in connection with the preparation of, returns of tax imposed by chapter 1, or any person who for compensation

prepares any such return for any other person, and who –

(1) discloses any information furnished to him for, or in connection with, the preparation of any such return, or

(2) uses any such information for any purpose other than to prepare, or assist in preparing, any such return,

shall pay a penalty of \$250 for each such disclosure or use, but the total amount imposed under this subsection on such a person for any calendar year shall not exceed \$10,000.

(b) Exceptions

The rules of section 7216(b) shall apply for purposes of this section.

(c) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.

–SOURCE–

(Added Pub. L. 100–647, title VI, Sec. 6242(a), Nov. 10, 1988, 102 Stat. 3749, Sec. 6712; renumbered Sec. 6713, Pub. L. 101–239, title VII, Sec. 7816(v)(1), Dec. 19, 1989, 103 Stat. 2423.)

–MISC1–

EFFECTIVE DATE

Section 6242(d) of Pub. L. 100–647 provided that: "The amendments made by this section [enacting this section and amending section 7216 of this title] shall apply to disclosures or uses after December 31, 1988."

–End–

–CITE–

26 USC Sec. 6714 01/06/03

–EXPCITE–

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PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6714. Failure to meet disclosure requirements applicable to  
quid pro quo contributions

–STATUTE–

(a) Imposition of penalty

If an organization fails to meet the disclosure requirement of  
section 6115 with respect to a quid pro quo contribution, such  
organization shall pay a penalty of \$10 for each contribution in  
respect of which the organization fails to make the required  
disclosure, except that the total penalty imposed by this  
subsection with respect to a particular fundraising event or  
mailing shall not exceed \$5,000.

(b) Reasonable cause exception

No penalty shall be imposed under this section with respect to  
any failure if it is shown that such failure is due to reasonable  
cause.

–SOURCE–

(Added Pub. L. 103–66, title XIII, Sec. 13173(b), Aug. 10, 1993,  
107 Stat. 456.)

–COD–

CODIFICATION

Another section 6714 was renumbered section 6715 of this title.

–MISC1–

EFFECTIVE DATE

Section applicable to quid pro quo contributions made on or after  
Jan. 1, 1994, see section 13173(d) of Pub. L. 103–66, set out as a  
note under section 6115 of this title.

–End–

–CITE–

26 USC Sec. 6715 01/06/03

–EXPCITE–

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PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6715. Dyed fuel sold for use or used in taxable use, etc.

–STATUTE–

(a) Imposition of penalty

If –

(1) any dyed fuel is sold or held for sale by any person for any use which such person knows or has reason to know is not a nontaxable use of such fuel,

(2) any dyed fuel is held for use or used by any person for a use other than a nontaxable use and such person knew, or had reason to know, that such fuel was so dyed, or

(3) any person willfully alters, or attempts to alter, the strength or composition of any dye or marking done pursuant to section 4082 in any dyed fuel,

then such person shall pay a penalty in addition to the tax (if any).

(b) Amount of penalty

(1) In general

Except as provided in paragraph (2), the amount of the penalty under subsection (a) on each act shall be the greater of –

(A) \$1,000, or

(B) \$10 for each gallon of the dyed fuel involved.

(2) Multiple violations

In determining the penalty under subsection (a) on any person, paragraph (1) shall be applied by increasing the amount in paragraph (1)(A) by the product of such amount and the number of prior penalties (if any) imposed by this section on such person (or a related person or any predecessor of such person or related person).

(c) Definitions

For purposes of this section –

(1) Dyed fuel

The term "dyed fuel" means any dyed diesel fuel or kerosene, whether or not the fuel was dyed pursuant to section 4082.

(2) Nontaxable use

The term "nontaxable use" has the meaning given such term by section 4082(b).

(d) Joint and several liability of certain officers and employees

If a penalty is imposed under this section on any business entity, each officer, employee, or agent of such entity who willfully participated in any act giving rise to such penalty shall be jointly and severally liable with such entity for such penalty.

–SOURCE–

(Added Pub. L. 103–66, title XIII, Sec. 13242(b)(1), Aug. 10, 1993, 107 Stat. 520, Sec. 6714; renumbered Sec. 6715, Pub. L. 104–188, title I, Sec. 1703(n)(9)(A), Aug. 20, 1996, 110 Stat. 1877; amended Pub. L. 105–34, title X, Sec. 1032(e)(11), Aug. 5, 1997, 111 Stat. 935.)

–MISC1–

AMENDMENTS

1997 – Subsec. (c)(1). Pub. L. 105–34 inserted "or kerosene" after "diesel fuel".

1996 – Pub. L. 104–188 renumbered section 6714 of this title as this section.

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105–34 effective July 1, 1998, see section 1032(f)(1) of Pub. L. 105–34, as amended, set out as a note under

section 4041 of this title.

## EFFECTIVE DATE

Section effective Jan. 1, 1994, see section 13242(e) of Pub. L.

103–66, set out as an Effective Date of 1993 Amendment note under section 4041 of this title.

–End–

–CITE–

26 USC Sec. 6716 01/06/03

–EXPCITE–

## TITLE 26 – INTERNAL REVENUE CODE

### Subtitle F – Procedure and Administration

### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

### ASSESSABLE PENALTIES

#### Subchapter B – Assessable Penalties

#### PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6716. Failure to file information with respect to certain transfers at death and gifts

–STATUTE–

(a) Information required to be furnished to the Secretary

Any person required to furnish any information under section 6018 who fails to furnish such information on the date prescribed therefor (determined with regard to any extension of time for filing) shall pay a penalty of \$10,000 (\$500 in the case of information required to be furnished under section 6018(b)(2)) for each such failure.

(b) Information required to be furnished to beneficiaries

Any person required to furnish in writing to each person described in section 6018(e) or 6019(b) the information required under such section who fails to furnish such information shall pay a penalty of \$50 for each such failure.

(c) Reasonable cause exception

No penalty shall be imposed under subsection (a) or (b) with respect to any failure if it is shown that such failure is due to reasonable cause.

(d) Intentional disregard

If any failure under subsection (a) or (b) is due to intentional disregard of the requirements under sections 6018 and 6019(b), the penalty under such subsection shall be 5 percent of the fair market value (as of the date of death or, in the case of section 6019(b), the date of the gift) of the property with respect to which the information is required.

(e) Deficiency procedures not to apply

Subchapter B of chapter 63 (relating to deficiency procedures for income, estate, gift, and certain excise taxes) shall not apply in respect of the assessment or collection of any penalty imposed by this section.

–SOURCE–

(Added Pub. L. 107–16, title V, Sec. 542(b)(4), June 7, 2001, 115 Stat. 83.)

–STATAMEND–

TERMINATION OF SECTION

For termination of section by section 901 of Pub. L. 107–16, see Effective and Termination Dates note below.

–MISC1–

#### EFFECTIVE AND TERMINATION DATES

Section applicable to estates of decedents dying after Dec. 31, 2009, see section 542(f)(1) of Pub. L. 107–16, set out as an Effective and Termination Dates of 2001 Amendment note under section 121 of this title.

Section inapplicable to estates of decedents dying, gifts made, or generation skipping transfers, after Dec. 31, 2010, and the Internal Revenue Code of 1986 to be applied and administered to such estates, gifts, and transfers as if it had never been enacted, see section 901 of Pub. L. 107–16, set out as an Effective and Termination Dates of 2001 Amendment note under section 1 of this title.

–End–

–CITE–

26 USC PART II – FAILURE TO COMPLY WITH CERTAIN 01/06/03

#### INFORMATION REPORTING REQUIREMENTS

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

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PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING

## REQUIREMENTS

–HEAD–

### PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING REQUIREMENTS

–MISC1–

Sec.

6721. Failure to file correct information returns.

6722. Failure to furnish correct payee statements.

6723. Failure to comply with other information reporting  
requirements.

6724. Waiver; definitions and special rules.

## AMENDMENTS

1989 – Pub. L. 101–239, title VII, Sec. 7711(a), Dec. 19, 1989,

103 Stat. 2388, substituted "COMPLY WITH CERTAIN INFORMATION

REPORTING REQUIREMENTS" for "FILE CERTAIN INFORMATION RETURNS OR  
STATEMENTS" in part heading and substituted "correct" for "certain"

in items 6721 and 6722 and "comply with other information reporting  
requirements" for "include correct information" in item 6723.

–SECREf–

## PART REFERRED TO IN OTHER SECTIONS

This part is referred to in section 6050S of this title.

–End–

–CITE–

26 USC Sec. 6721 01/06/03

–EXPCITE–

## TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

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Subchapter B – Assessable Penalties

PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING  
REQUIREMENTS

–HEAD–

Sec. 6721. Failure to file correct information returns

–STATUTE–

(a) Imposition of penalty

(1) In general

In the case of a failure described in paragraph (2) by any person with respect to an information return, such person shall pay a penalty of \$50 for each return with respect to which such a failure occurs, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$250,000.

(2) Failures subject to penalty

For purposes of paragraph (1), the failures described in this paragraph are –

(A) any failure to file an information return with the Secretary on or before the required filing date, and

(B) any failure to include all of the information required to be shown on the return or the inclusion of incorrect information.

(b) Reduction where correction in specified period

(1) Correction within 30 days

If any failure described in subsection (a)(2) is corrected on or before the day 30 days after the required filing date –

(A) the penalty imposed by subsection (a) shall be \$15 in lieu of \$50, and

(B) the total amount imposed on the person for all such failures during any calendar year which are so corrected shall not exceed \$75,000.

(2) Failures corrected on or before August 1

If any failure described in subsection (a)(2) is corrected after the 30th day referred to in paragraph (1) but on or before August 1 of the calendar year in which the required filing date occurs –

(A) the penalty imposed by subsection (a) shall be \$30 in lieu of \$50, and

(B) the total amount imposed on the person for all such failures during the calendar year which are so corrected shall not exceed \$150,000.

(c) Exception for de minimis failures to include all required information

(1) In general

If –

(A) an information return is filed with the Secretary,

(B) there is a failure described in subsection (a)(2)(B)

(determined after the application of section 6724(a)) with respect to such return, and

(C) such failure is corrected on or before August 1 of the calendar year in which the required filing date occurs, for purposes of this section, such return shall be treated as having been filed with all of the correct required information.

(2) Limitation

The number of information returns to which paragraph (1) applies for any calendar year shall not exceed the greater of –

(A) 10, or

(B) one-half of 1 percent of the total number of information returns required to be filed by the person during the calendar year.

(d) Lower limitations for persons with gross receipts of not more than \$5,000,000

(1) In general

If any person meets the gross receipts test of paragraph (2) with respect to any calendar year, with respect to failures during such taxable year –

(A) subsection (a)(1) shall be applied by substituting

"\$100,000" for "\$250,000",

(B) subsection (b)(1)(B) shall be applied by substituting

"\$25,000" for "\$75,000", and

(C) subsection (b)(2)(B) shall be applied by substituting

"\$50,000" for "\$150,000".

(2) Gross receipts test

(A) In general

A person meets the gross receipts test of this paragraph for

any calendar year if the average annual gross receipts of such person for the most recent 3 taxable years ending before such calendar year do not exceed \$5,000,000.

(B) Certain rules made applicable

For purposes of subparagraph (A), the rules of paragraphs (2) and (3) of section 448(c) shall apply.

(e) Penalty in case of intentional disregard

If 1 or more failures described in subsection (a)(2) are due to intentional disregard of the filing requirement (or the correct information reporting requirement), then, with respect to each such failure –

(1) subsections (b), (c), and (d) shall not apply,

(2) the penalty imposed under subsection (a) shall be \$100, or, if greater –

(A) in the case of a return other than a return required under section 6045(a), 6041A(b), 6050H, 6050I, 6050J, 6050K, or 6050L, 10 percent of the aggregate amount of the items required to be reported correctly,

(B) in the case of a return required to be filed by section 6045(a), 6050K, or 6050L, 5 percent of the aggregate amount of the items required to be reported correctly, or

(C) in the case of a return required to be filed under section 6050I(a) with respect to any transaction (or related transactions), the greater of –

(i) \$25,000, or

(ii) the amount of cash (within the meaning of section

6050I(d)) received in such transaction (or related transactions) to the extent the amount of such cash does not exceed \$100,000, and

(3) in the case of any penalty determined under paragraph (2) –

(A) the \$250,000 limitation under subsection (a) shall not apply, and

(B) such penalty shall not be taken into account in applying such limitation (or any similar limitation under subsection (b)) to penalties not determined under paragraph (2).

–SOURCE–

(Added Pub. L. 99–514, title XV, Sec. 1501(a), Oct. 22, 1986, 100 Stat. 2732; amended Pub. L. 100–690, title VII, Sec. 7601(a)(2)(A), Nov. 18, 1988, 102 Stat. 4503; Pub. L. 101–239, title VII, Sec. 7711(a), Dec. 19, 1989, 103 Stat. 2388; Pub. L. 101–508, title XI, Sec. 11318(b), Nov. 5, 1990, 104 Stat. 1388–459.)

–MISC1–

#### AMENDMENTS

1990 – Subsec. (e)(2). Pub. L. 101–508 inserted "6050I," after "6050H," and struck out "or" at end of subpar. (A), substituted "or" for "and" at end of subpar. (B), and added subpar. (C).

1989 – Pub. L. 101–239 substituted "correct" for "certain" in section catchline and amended text generally, substituting subsecs. (a) to (e) for former subsec. (a) stating general rule and subsec. (b) relating to penalty in case of intentional disregard.

1988 – Subsec. (b)(1)(A). Pub. L. 100–690 inserted "(or, if greater, in the case of a return filed under section 6050I, 10

percent of the taxable income derived from the transaction)" after "reported".

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by Pub. L. 101–508 applicable to amounts received after Nov. 5, 1990, see section 11318(e)(1) of Pub. L. 101–508, set out as a note under section 6050I of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7711(c) of Pub. L. 101–239 provided that: "The amendments made by this section [amending this section and sections 6722 to 6724 and 7205 of this title and repealing sections 6017A, 6676, and 6687 of this title] shall apply to returns and statements the due date for which (determined without regard to extensions) is after December 31, 1989."

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100–690 applicable to actions after Nov. 18, 1988, see section 7601(a)(3) of Pub. L. 100–690, set out as a note under section 6050I of this title.

#### EFFECTIVE DATE

Section 1501(e) of Pub. L. 99–514 provided that: "The amendments made by this section [enacting this section and sections 6722 to 6724 of this title, amending sections 219, 6031, 6033 to 6034A, 6041, 6042 to 6045, 6047, 6049, 6050A to 6050C, 6050E to 6050I, 6050K, 6052, 6057, 6058, 6652, and 6676 of this title, and repealing section 6678 of this title] shall apply to returns the due date for which (determined without regard to extensions) is after December 31, 1986, except that the amendments made by

subsections (c)(2), (c)(3), and (c)(5) [amending sections 6042, 6044, and 6049 of this title] shall apply to returns the due [date] for which (determined without regard to extensions) is after the date of the enactment of this Act [Oct. 22, 1986]."

–SECREP–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1060, 6047, 6724 of this title.

–End–

–CITE–

26 USC Sec. 6722 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

##### Subtitle F – Procedure and Administration

#### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND ASSESSABLE PENALTIES

##### Subchapter B – Assessable Penalties

#### PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING REQUIREMENTS

–HEAD–

Sec. 6722. Failure to furnish correct payee statements

–STATUTE–

##### (a) General rule

In the case of each failure described in subsection (b) by any person with respect to a payee statement, such person shall pay a penalty of \$50 for each statement with respect to which such a

failure occurs, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$100,000.

(b) Failures subject to penalty

For purposes of subsection (a), the failures described in this subsection are –

(1) any failure to furnish a payee statement on or before the date prescribed therefor to the person to whom such statement is required to be furnished, and

(2) any failure to include all of the information required to be shown on a payee statement or the inclusion of incorrect information.

(c) Penalty in case of intentional disregard

If 1 or more failures to which subsection (a) applies are due to intentional disregard of the requirement to furnish a payee statement (or the correct information reporting requirement), then, with respect to each failure –

(1) the penalty imposed under subsection (a) shall be \$100, or, if greater –

(A) in the case of a payee statement other than a statement required under section 6045(b), 6041A(e) (in respect of a return required under section 6041A(b)), 6050H(d), 6050J(e), 6050K(b), or 6050L(c), 10 percent of the aggregate amount of the items required to be reported correctly, or

(B) in the case of a payee statement required under section 6045(b), 6050K(b), or 6050L(c), 5 percent of the aggregate amount of the items required to be reported correctly, and

(2) in the case of any penalty determined under paragraph (1) –

(A) the \$100,000 limitation under subsection (a) shall not apply, and

(B) such penalty shall not be taken into account in applying such limitation to penalties not determined under paragraph (1).

–SOURCE–

(Added Pub. L. 99–514, title XV, Sec. 1501(a), Oct. 22, 1986, 100 Stat. 2733; amended Pub. L. 101–239, title VII, Sec. 7711(a), Dec. 19, 1989, 103 Stat. 2390.)

–MISC1–

#### AMENDMENTS

1989 – Pub. L. 101–239 substituted "correct" for "certain" in section catchline and amended text generally, substituting subsecs. (a) to (c) for former subsec. (a) stating general rule and subsec. (b) relating to failure to notify partnership of exchange of partnership interest.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101–239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101–239, set out as a note under section 6721 of this title.

#### EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99–514, set out as a note under section 6721 of

this title.

~~–SECRET–~~

## SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 6047 of this title.

~~–End–~~

~~–CITE–~~

26 USC Sec. 6723 01/06/03

~~–EXPCITE–~~

## TITLE 26 – INTERNAL REVENUE CODE

### Subtitle F – Procedure and Administration

### CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

### ASSESSABLE PENALTIES

#### Subchapter B – Assessable Penalties

#### PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING REQUIREMENTS

~~–HEAD–~~

Sec. 6723. Failure to comply with other information reporting  
requirements

~~–STATUTE–~~

In the case of a failure by any person to comply with a specified  
information reporting requirement on or before the time prescribed  
therefor, such person shall pay a penalty of \$50 for each such  
failure, but the total amount imposed on such person for all such  
failures during any calendar year shall not exceed \$100,000.

~~–SOURCE–~~

(Added Pub. L. 99–514, title XV, Sec. 1501(a), Oct. 22, 1986, 100

Stat. 2733; amended Pub. L. 101–239, title VII, Sec. 7711(a), Dec.

19, 1989, 103 Stat. 2390.)

–MISC1–

#### AMENDMENTS

1989 – Pub. L. 101–239 substituted "comply with other information reporting requirements" for "include correct information" in section catchline and amended text generally, substituting a single par. for former subsec. (a) stating general rule, subsec. (b) relating to penalty in case of intentional disregard, and subsec. (c) relating to coordination with former section 6676 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by Pub. L. 101–239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101–239, set out as a note under section 6721 of this title.

#### EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99–514, set out as a note under section 6721 of this title.

–End–

–CITE–

26 USC Sec. 6724 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

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Subchapter B – Assessable Penalties

PART II – FAILURE TO COMPLY WITH CERTAIN INFORMATION REPORTING  
REQUIREMENTS

–HEAD–

Sec. 6724. Waiver; definitions and special rules

–STATUTE–

(a) Reasonable cause waiver

No penalty shall be imposed under this part with respect to any failure if it is shown that such failure is due to reasonable cause and not to willful neglect.

(b) Payment of penalty

Any penalty imposed by this part shall be paid on notice and demand by the Secretary and in the same manner as tax.

(c) Special rule for failure to meet magnetic media requirements

No penalty shall be imposed under section 6721 solely by reason of any failure to comply with the requirements of the regulations prescribed under section 6011(e)(2), except to the extent that such a failure occurs with respect to more than 250 information returns (more than 100 information returns in the case of a partnership having more than 100 partners).

(d) Definitions

For purposes of this part –

(1) Information return

The term "information return" means –

(A) any statement of the amount of payments to another person required by –

(i) section 6041(a) or (b) (relating to certain information at source),

(ii) section 6042(a)(1) (relating to payments of dividends),

(iii) section 6044(a)(1) (relating to payments of patronage dividends),

(iv) section 6049(a) (relating to payments of interest),

(v) section 6050A(a) (relating to reporting requirements of certain fishing boat operators),

(vi) section 6050N(a) (relating to payments of royalties),

(vii) section 6051(d) (relating to information returns with respect to income tax withheld),

(viii) section 6050R (relating to returns relating to certain purchases of fish), or

(ix) section 110(d) (relating to qualified lessee construction allowances for short-term leases),

(B) any return required by –

(i) section 6041A(a) or (b) (relating to returns of direct sellers),

(ii) section 6045(a) or (d) (relating to returns of brokers),

(iii) section 6050H(a) (relating to mortgage interest received in trade or business from individuals),

(iv) section 6050I(a) or (g)(1) (relating to cash received in trade or business, etc.),

(v) section 6050J(a) (relating to foreclosures and abandonments of security),

(vi) section 6050K(a) (relating to exchanges of certain partnership interests),

(vii) section 6050L(a) (relating to returns relating to certain dispositions of donated property),

(viii) section 6050P (relating to returns relating to the cancellation of indebtedness by certain financial entities),

(ix) section 6050Q (relating to certain long-term care benefits),

(x) section 6050S (relating to returns relating to payments for qualified tuition and related expenses),

(xi) section 6050T (relating to returns relating to credit for health insurance costs of eligible individuals),

(xii) section 6052(a) (relating to reporting payment of wages in the form of group-life insurance),

(xiii) section 6053(c)(1) (relating to reporting with respect to certain tips),

(xiv) subsection (b) or (e) of section 1060 (relating to reporting requirements of transferors and transferees in certain asset acquisitions),

(xv) subparagraph (A) or (C) of subsection (c)(4) of section 4093 (relating to information reporting with respect to tax on diesel and aviation fuels),

(xvi) section 4101(d) (relating to information reporting with respect to fuels taxes),

(xvii) subparagraph (C) of section 338(h)(10) (relating to information required to be furnished to the Secretary in case of elective recognition of gain or loss), or

(xviii) section 264(f)(5)(A)(iv) (relating to reporting with respect to certain life insurance and annuity contracts), and

(C) any statement of the amount of payments to another person required to be made to the Secretary under –

(i) section 408(i) (relating to reports with respect to individual retirement accounts or annuities), or

(ii) section 6047(d) (relating to reports by employers, plan administrators, etc.).

Such term also includes any form, statement, or schedule required to be filed with the Secretary with respect to any amount from which tax was required to be deducted and withheld under chapter 3 (or from which tax would be required to be so deducted and withheld but for an exemption under this title or any treaty obligation of the United States).

## (2) Payee statement

The term "payee statement" means any statement required to be furnished under –

(A) section 6031(b) or (c), 6034A, or 6037(b) (relating to statements furnished by certain pass-thru entities),

(B) section 6039(a) (relating to information required in

connection with certain options),

(C) section 6041(d) (relating to information at source),

(D) section 6041A(e) (relating to returns regarding payments of remuneration for services and direct sales),

(E) section 6042(c) (relating to returns regarding payments of dividends and corporate earnings and profits),

(F) section 6044(e) (relating to returns regarding payments of patronage dividends),

(G) section 6045(b) or (d) (relating to returns of brokers),

(H) section 6049(c) (relating to returns regarding payments of interest),

(I) section 6050A(b) (relating to reporting requirements of certain fishing boat operators),

(J) section 6050H(d) relating to returns relating to mortgage interest received in trade or business from individuals),

(K) section 6050I(e) or paragraph (4) or (5) of section 6050I(g) (relating to cash received in trade or business, etc.),

(L) section 6050J(e) (relating to returns relating to foreclosures and abandonments of security),

(M) section 6050K(b) (relating to returns relating to exchanges of certain partnership interests),

(N) section 6050L(c) (relating to returns relating to certain dispositions of donated property),

(O) section 6050N(b) (relating to returns regarding payments of royalties),

(P) section 6050P(d) (relating to returns relating to the cancellation of indebtedness by certain financial entities),

(Q) section 6050Q(b) (relating to certain long-term care benefits),

(R) section 6050R(c) (relating to returns relating to certain purchases of fish),

(S) section 6051 (relating to receipts for employees),

(T) section 6052(b) (relating to returns regarding payment of wages in the form of group-term life insurance),

(U) section 6053(b) or (c) (relating to reports of tips),

(V) section 6048(b)(1)(B) (relating to foreign trust reporting requirements),

(W) section 4093(c)(4)(B) (relating to certain purchasers of diesel and aviation fuels),

(X) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person,

(Y) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person,

(Z) section 6050S(d) (relating to returns relating to qualified tuition and related expenses),

(AA) section 264(f)(5)(A)(iv) (relating to reporting with respect to certain life insurance and annuity contracts), or

(BB) section 6050T (relating to returns relating to credit

for health insurance costs of eligible individuals).

Such term also includes any form, statement, or schedule required to be furnished to the recipient of any amount from which tax was required to be deducted and withheld under chapter 3 (or from which tax would be required to be so deducted and withheld but for an exemption under this title or any treaty obligation of the United States).

(3) Specified information reporting requirement

The term "specified information reporting requirement" means –

(A) the notice required by section 6050K(c)(1) (relating to requirement that transferor notify partnership of exchange),

(B) any requirement contained in the regulations prescribed under section 6109 that a person –

(i) include his TIN on any return, statement, or other document (other than an information return or payee statement),

(ii) furnish his TIN to another person, or

(iii) include on any return, statement, or other document (other than an information return or payee statement) made with respect to another person the TIN of such person,

(C) any requirement contained in the regulations prescribed under section 215 that a person –

(i) furnish his TIN to another person, or

(ii) include on his return the TIN of another person, and

(D) any requirement under section 6109(h) that –

(i) a person include on his return the name, address, and

TIN of another person, or

(ii) a person furnish his TIN to another person.

(4) Required filing date

The term "required filing date" means the date prescribed for filing an information return with the Secretary (determined with regard to any extension of time for filing).

(e) Special rule for certain partnership returns

If any partnership return under section 6031(a) is required under section 6011(e) to be filed on magnetic media or in other machine-readable form, for purposes of this part, each schedule required to be included with such return with respect to each partner shall be treated as a separate information return.

–SOURCE–

(Added Pub. L. 99–514, title XV, Sec. 1501(a), Oct. 22, 1986, 100 Stat. 2734; amended Pub. L. 100–418, title I, Sec. 1941(b)(2)(M), Aug. 23, 1988, 102 Stat. 1323; Pub. L. 100–647, title I, Secs. 1006(h)(3)(A), 1015(a), title III, Sec. 3001(b)(1), (2), Nov. 10, 1988, 102 Stat. 3410, 3568, 3614; Pub. L. 101–239, title VII, Secs. 7711(a), 7811(c)(3), 7813(a), Dec. 19, 1989, 103 Stat. 2391, 2407, 2412; Pub. L. 101–508, title XI, Secs. 11212(e)(1), 11323(b)(2), (c)(2), Nov. 5, 1990, 104 Stat. 1388–432, 1388–465; Pub. L. 102–486, title XIX, Sec. 1933(b), Oct. 24, 1992, 106 Stat. 3031; Pub. L. 103–66, title XIII, Sec. 13252(b), Aug. 10, 1993, 107 Stat. 532; Pub. L. 103–322, title II, Sec. 20415(b)(1), (2), Sept. 13, 1994, 108 Stat. 1833; Pub. L. 104–188, title I, Secs. 1116(b)(2)(A), (B), 1455(a), 1615(a)(2)(B), 1702(b)(1), (c)(2),

1704(j)(3), 1901(c)(1), Aug. 20, 1996, 110 Stat. 1764, 1817, 1853, 1868, 1869, 1881, 1908; Pub. L. 104–191, title III, Sec. 323(b), Aug. 21, 1996, 110 Stat. 2062; Pub. L. 105–34, title II, Sec. 201(c)(2), title XII, Secs. 1213(b), 1223(b), title XVI, Sec. 1602(d)(2)(A), Aug. 5, 1997, 111 Stat. 805, 1001, 1019, 1094; Pub. L. 105–206, title VI, Secs. 6004(a)(3), 6010(o)(4)(B), (C), 6012(b)(5), (d), July 22, 1998, 112 Stat. 792, 816, 819; Pub. L. 106–554, Sec. 1(a)(7) [title III, Sec. 319(23)], Dec. 21, 2000, 114 Stat. 2763, 2763A–647; Pub. L. 107–210, div. A, title II, Sec. 202(c)(2), Aug. 6, 2002, 116 Stat. 962.)

–COD–

#### CODIFICATION

Amendments to subsec. (d)(2) of this section by section 1901(c)(1) of Pub. L. 104–188 were executed before amendments by sections 1116(b)(2)(B) and 1455(a)(2) of Pub. L. 104–188, to reflect the probable intent of Congress.

–MISC1–

#### AMENDMENTS

2002 – Subsec. (d)(1)(B)(xi) to (xviii). Pub. L. 107–210, Sec. 202(c)(2)(A), added cl. (xi) and redesignated former cls. (xi) to (xvii) as (xii) to (xviii), respectively.

Subsec. (d)(2)(BB). Pub. L. 107–210, Sec. 202(c)(2)(B), added subpar. (BB).

2000 – Subsec. (d)(1)(B)(xiv) to (xvii). Pub. L. 106–554, Sec. 1(a)(7) [title III, Sec. 319(23)(A)], added cls. (xiv) to (xvii) and struck out former cls. (xiv) to (xvii) which read as follows:

"(xiv) subparagraph (A) or (C) of subsection (c)(4) of section 4093 (relating to information reporting with respect to tax on diesel and aviation fuels),

"(xv) section 4101(d) (relating to information reporting with respect to fuels taxes),

"(xvi) subparagraph (C) of section 338(h)(10) (relating to information required to be furnished to the Secretary in case of elective recognition of gain or loss); or

"(xvii) section 264(f)(5)(A)(iv) (relating to reporting with respect to certain life insurance and annuity contracts)."

Subsec. (d)(2)(AA). Pub. L. 106–554, Sec. 1(a)(7) [title III, Sec. 319(23)(B)], made a technical amendment to directory language of Pub. L. 105–206, Sec. 6010(o)(4)(C). See 1998 Amendment note below.

1998 – Subsec. (c). Pub. L. 105–206, Sec. 6012(d), inserted before period at end "(more than 100 information returns in the case of a partnership having more than 100 partners)".

Subsec. (d)(1)(A). Pub. L. 105–206, Sec. 6012(b)(5), made a technical amendment to directory language of Pub. L. 105–34, Sec. 1213(b). See 1997 Amendment note below.

Subsec. (d)(1)(B)(x) to (xiv). Pub. L. 105–206, Sec. 6004(a)(3), made a technical amendment to directory language of Pub. L. 105–34, Sec. 201(c)(2)(A). See 1997 Amendment note below.

Subsec. (d)(1)(B)(xv). Pub. L. 105–206, Sec. 6010(o)(4)(B), struck out "or" at end.

Pub. L. 105–206, Sec. 6004(a)(3), made a technical amendment to

directory language of Pub. L. 105–34, Sec. 201(c)(2)(A). See 1997 Amendment note below.

Subsec. (d)(1)(B)(xvi). Pub. L. 105–206, Sec. 6010(o)(4)(B), which directed the substitution of "; or" for period at end, was executed by making the substitution for ", and" at end, to reflect the probable intent of Congress.

Pub. L. 105–206, Sec. 6004(a)(3), made a technical amendment to directory language of Pub. L. 105–34, Sec. 201(c)(2)(A). See 1997 Amendment note below.

Subsec. (d)(1)(B)(xvii). Pub. L. 105–206, Sec. 6010(o)(4)(B), added cl. (xvii).

Subsec. (d)(2)(AA). Pub. L. 105–206, Sec. 6010(o)(4)(C), as amended by Pub. L. 106–554, Sec. 1(a)(7)[title III, Sec. 319(23)(B)], added subpar. (AA).

1997 – Subsec. (d)(1)(A)(ix). Pub. L. 105–34, Sec. 1213(b), as amended by Pub. L. 105–206, Sec. 6012(b)(5), added cl. (ix).

Subsec. (d)(1)(B)(x) to (xvi). Pub. L. 105–34, Sec. 201(c)(2)(A), as amended by Pub. L. 105–206, Sec. 6004(a)(3), added cl. (x) and redesignated former cls. (x) to (xv) as (xi) to (xvi), respectively.

Subsec. (d)(2)(R) to (Y). Pub. L. 105–34, Sec. 1602(d)(2)(A), added subpars. (R) to (Y) and struck out former subpars. (R) to (X) which read as follows:

"(R) section 6051 (relating to receipts for employees),

"(S) section 6050R(c) (relating to returns relating to certain purchases of fish),

"(T) section 6052(b) (relating to returns regarding payment of wages in the form of group-term life insurance),

"(U) section 6053(b) or (c) (relating to reports of tips),

"(U) section 4093(c)(4)(B) (relating to certain purchasers of diesel and aviation fuels),

"(V) section 6048(b)(1)(B) (relating to foreign trust reporting requirements),

"(W) section 408(i) (relating to reports with respect to individual retirement plans) to any person other than the Secretary with respect to the amount of payments made to such person, or

"(X) section 6047(d) (relating to reports by plan administrators) to any person other than the Secretary with respect to the amount of payments made to such person."

Subsec. (d)(2)(Z). Pub. L. 105-34, Sec. 201(c)(2)(B), added subpar. (Z).

Subsec. (e). Pub. L. 105-34, Sec. 1223(b), added subsec. (e).

1996 – Subsec. (d)(1)(A)(viii). Pub. L. 104-188, Sec.

1116(b)(2)(A), added cl. (viii).

Subsec. (d)(1)(B)(ix), (x). Pub. L. 104-191, Sec. 323(b)(1),

added cl. (ix) and redesignated former cl. (ix) as (x). Former cl.

(x) redesignated (xi).

Subsec. (d)(1)(B)(xi). Pub. L. 104-191, Sec. 323(b)(1),

redesignated cl. (x) as (xi). Former cl. (xi) redesignated (xii).

Pub. L. 104-188, Sec. 1702(b)(1), made technical amendment to directory language of Pub. L. 101-508, Sec. 11212(e)(1). See 1990

Amendment note below.

Subsec. (d)(1)(B)(xii). Pub. L. 104–191, Sec. 323(b)(1), redesignated cl. (xi) as (xii). Former cl. (xii) redesignated (xiii).

Pub. L. 104–188, Sec. 1702(c)(2)(A), struck out "or" at end.

Pub. L. 104–188, Sec. 1702(b)(1), made technical amendment to directory language of Pub. L. 101–508, Sec. 11212(e)(1). See 1990 Amendment note below.

Subsec. (d)(1)(B)(xiii). Pub. L. 104–191, Sec. 323(b)(1), redesignated cl. (xii) as (xiii). Former cl. (xiii) redesignated (xiv).

Pub. L. 104–188, Sec. 1702(c)(2)(B), substituted ", or" for period at end.

Subsec. (d)(1)(B)(xiv), (xv). Pub. L. 104–191, Sec. 323(b)(1), redesignated cls. (xiii) and (xiv) as (xiv) and (xv), respectively.

Subsec. (d)(1)(C). Pub. L. 104–188, Sec. 1455(a)(1), which directed the amendment of par. (1) by inserting a new subpar. (C) after subpar. (B), was executed by making the insertion after subpar. (B)(xv), to reflect the probable intent of Congress.

Subsec. (d)(2)(Q). Pub. L. 104–191, Sec. 323(b)(2), added subpar. (Q). Former subpar. (Q) redesignated (R).

Subsec. (d)(2)(R). Pub. L. 104–191, Sec. 323(b)(2), redesignated subpar. (Q) as (R). Former subpar. (R) redesignated (S).

Pub. L. 104–188, Sec. 1116(b)(2)(B), added subpar. (R). Former subpar. (R) redesignated (S).

Subsec. (d)(2)(S). Pub. L. 104–191, Sec. 323(b)(2), redesignated subpar. (R) as (S). Former subpar. (S) redesignated (T).

Pub. L. 104–188, Sec. 1116(b)(2)(B), redesignated subpar. (R) as (S). Former subpar. (S) redesignated (T). See Codification note above.

Pub. L. 104–188, Sec. 1901(c)(1), struck out "or" at end. See Codification note above.

Subsec. (d)(2)(T). Pub. L. 104–191, Sec. 323(b)(2), redesignated subpar. (S) as (T). Former subpar. (T) redesignated (U).

Pub. L. 104–188, Sec. 1116(b)(2)(B), redesignated subpar. (S) as (T). Former subpar. (T) redesignated (U). See Codification note above.

Pub. L. 104–188, Sec. 1901(c)(1), substituted ", or" for period at end. See Codification note above.

Subsec. (d)(2)(U). Pub. L. 104–191, Sec. 323(d)(1), redesignated subpar. (T), relating to section 6053(b) or (c), as (U).

Pub. L. 104–188, Sec. 1455(a)(2), struck out "or" at end. See Codification note above.

Pub. L. 104–188, Sec. 1116(b)(2)(B), redesignated subpar. (T) as (U). Former subpar. (U) redesignated (V). See Codification note above.

Pub. L. 104–188, Sec. 1901(c)(1), added subpar. (U). See Codification note above.

Subsec. (d)(2)(V). Pub. L. 104–188, Sec. 1455(a)(2), substituted a comma for period at end.

Pub. L. 104–188, Sec. 1116(b)(2)(B), redesignated subpar. (U) as (V).

Subsec. (d)(2)(W), (X). Pub. L. 104–188, Sec. 1455(a)(2), added

subpars. (W) and (X).

Subsec. (d)(3)(C). Pub. L. 104–188, Sec. 1615(a)(2)(B), inserted "and" at end.

Subsec. (d)(3)(D). Pub. L. 104–188, Sec. 1615(a)(2)(B), redesignated subpar. (E) as (D) and struck out former subpar. (D) which read as follows: "the requirement of section 6109(e) that a person include the TIN of any dependent on his return, and".

Subsec. (d)(3)(E). Pub. L. 104–188, Sec. 1615(a)(2)(B), redesignated subpar. (E) as (D).

Pub. L. 104–188, Sec. 1704(j)(3), substituted "section 6109(h)" for "section 6109(f)" in introductory provisions.

1994 – Subsec. (d)(1)(B)(iv). Pub. L. 103–322, Sec. 20415(b)(1), amended cl. (iv) generally. Prior to amendment, cl. (iv) read as follows: "section 6050I(a) (relating to cash received in trade or business),".

Subsec. (d)(2)(K). Pub. L. 103–322, Sec. 20415(b)(2), amended subpar. (K) generally. Prior to amendment, subpar. (K) read as follows: "section 6050I(e) (relating to returns relating to cash received in trade or business),".

1993 – Subsec. (d)(1)(B)(viii) to (xiv). Pub. L. 103–66, Sec. 13252(b)(1), which directed amendment of subsec. (d)(1)(B) by adding a new cl. (viii) after cl. (vii) and redesignating the following cls. accordingly, was executed by adding cl. (viii) and redesignating former cls. (viii), (ix), (x), (xi), (xii) (relating to section 4101(d)), and (xii) (relating to subpar. (C) of section 338(h)(10)) as (ix), (x), (xi), (xii), (xiii), and (xiv),

respectively, to reflect the probable intent of Congress.

Subsec. (d)(2)(P) to (T). Pub. L. 103–66, Sec. 13252(b)(2), added subpar. (P) and redesignated former subpars. (P) through (S) as (Q) through (T), respectively.

1992 – Subsec. (d)(3)(E). Pub. L. 102–486 added subpar. (E).

1990 – Subsec. (d)(1)(B)(x). Pub. L. 101–508, Sec. 11323(b)(2), substituted "subsection (b) or (e) of section 1060" for "section 1060(b)".

Subsec. (d)(1)(B)(xi). Pub. L. 101–508, Sec. 11212(e)(1), as amended by Pub. L. 104–188, Sec. 1702(b)(1), struck out ", or subsection (e)," after "(c)(4)".

Subsec. (d)(1)(B)(xii). Pub. L. 101–508, Sec. 11323(c)(2), added cl. (xii) relating to subpar. (C) of section 338(h)(10).

Pub. L. 101–508, Sec. 11212(e)(1), as amended by Pub. L. 104–188, Sec. 1702(b)(1), added cl. (xii) relating to section 4101(d).

1989 – Pub. L. 101–239, Sec. 7711(a), amended section generally, substituting subsecs. (a) to (d) for former subsec. (a) relating to reasonable cause waivers, subsec. (b) relating to payment of penalty, subsec. (c) relating to special rules for failure to file interest and dividend returns or statements, and subsec. (d) relating to definitions.

Subsec. (d)(1)(B)(viii) to (xi). Pub. L. 101–239, Sec.

7811(c)(3), amended cls. (viii) to (xi) generally. Prior to amendment, cls. (viii) to (xi) read as follows:

"(viii) section 6052(a) (relating to reporting payment of wages in the form of group–term life insurance),

"(ix) section 6053(c)(1) (relating to reporting with respect to certain tips), or

"(xi) section 1060(b) (relating to reporting requirements of transferors and transferees in certain asset acquisitions).

"(xi) subparagraph (A) or (C) of subsection (c)(4), or subsection (d), of section 4093 (relating to information reporting with respect to tax on diesel and aviation fuels)."

Subsec. (d)(2). Pub. L. 101–239, Sec. 7813(a), struck out "or" after "insurance)," in subpar. (Q), substituted "tips), or" for "tips)." in subpar. (R), and redesignated subpar. (U) as (S).

1988 – Subsec. (d)(1)(B). Pub. L. 100–647, Sec. 3001(b)(1), which directed that "or" be struck out at end of cl. (ix), ", or" be substituted for period at end of cl. (x), and cl. (xi) relating to section 4093 be added, was executed by striking out "or" at end of cl. (ix) and adding cl. (xi) in view of intervening amendments by section 1941(b)(2)(M)(i) of Pub. L. 100–418, and by section 1006(h)(3)(A) of Pub. L. 100–647.

Pub. L. 100–647, Sec. 1006(h)(3)(A), struck out "or" at end of cl. (ix), substituted ", or" for period at end of cl. (x), and added cl. (xi) relating to section 1060.

Pub. L. 100–418, Sec. 1941(b)(2)(M)(i), redesignated cls. (ii) to (x) as (i) to (ix) and struck out former cl. (i) which read as follows: "section 4997(a) (relating to information with respect to windfall profit tax on crude oil),".

Subsec. (d)(2). Pub. L. 100–647, Sec. 3001(b)(2), which directed that "or" be struck out at end of subpar. (S), ", or" be

substituted for period at end of subpar. (T), and subpar. (U) be added, was executed by adding subpar. (U) in view of intervening amendment by section 1941(b)(2)(M)(ii) of Pub. L. 100–418. Pub. L. 100–418, Sec. 1941(b)(2)(M)(ii), redesignated subpars. (B) to (J) as (A) to (I), respectively, and struck out former subpar. (A) which read as follows: "section 4997(a) (relating to records and information; regulations)," and redesignated subpars. (L) to (T) as (J) to (R), respectively, and struck out former subpar. (K) which read as follows: "section 6050C (relating to information regarding windfall profit tax on domestic crude oil)". Subsec. (d)(2)(B). Pub. L. 100–647, Sec. 1015(a), substituted "6031(b) or (c)" for "6031(b)".

#### EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105–206 effective, except as otherwise provided, as if included in the provisions of the Taxpayer Relief Act of 1997, Pub. L. 105–34, to which such amendment relates, see section 6024 of Pub. L. 105–206, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by section 201(c)(2) of Pub. L. 105–34 applicable to expenses paid after Dec. 31, 1997 (in taxable years ending after such date), for education furnished in academic periods beginning after such date, see section 201(f) of Pub. L. 105–34, set out as an Effective Date note under section 25A of this title.

Amendment by section 1213(b) of Pub. L. 105–34 applicable to leases entered into after Aug. 5, 1997, see section 1213(e) of Pub.

L. 105–34, set out as an Effective Date note under section 110 of this title.

Amendment by section 1223(b) of Pub. L. 105–34 applicable to partnership taxable years beginning after Dec. 31, 1997, see section 1226 of Pub. L. 105–34, as amended, set out as a note under section 6011 of this title.

Amendment by section 1602(d)(2)(A) of Pub. L. 105–34 effective as if included in the provisions of the Health Insurance Portability and Accountability Act of 1996, Pub. L. 104–191, to which such amendment relates, see section 1602(i) of Pub. L. 105–34, set out as a note under section 26 of this title.

#### EFFECTIVE DATE OF 1996 AMENDMENTS

Amendment by Pub. L. 104–191 applicable to benefits paid after Dec. 31, 1996, see section 323(d) of Pub. L. 104–191, set out as an Effective Date note under section 6050Q of this title.

Amendment by section 1116(b)(2)(A), (B) of Pub. L. 104–188 applicable to payments made after Dec. 31, 1997, see section 1116(b)(3) of Pub. L. 104–188, set out as an Effective Date note under section 6050R of this title.

Amendment by section 1455(a) of Pub. L. 104–188 applicable to returns, reports, and other statements the due date for which (determined without regard to extensions) is after Dec. 31, 1996, see section 1455(e) of Pub. L. 104–188, set out as a note under section 408 of this title.

Amendment by section 1615(a)(2)(B) of Pub. L. 104–188 applicable with respect to returns the due date for which, without regard to

extensions, is on or after the 30th day after Aug. 20, 1996, with special rule for 1995 and 1996, see section 1615(d) of Pub. L. 104–188, set out as a note under section 21 of this title.

Amendment by section 1702(b)(1), (c)(2) of Pub. L. 104–188 effective, except as otherwise expressly provided, as if included in the provision of the Revenue Reconciliation Act of 1990, Pub. L. 101–508, title XI, to which such amendment relates, see section 1702(i) of Pub. L. 104–188, set out as a note under section 38 of this title.

Amendment by section 1901(c)(1) of Pub. L. 104–188, to the extent related to section 6048(a) of this title, applicable to reportable events (as defined in such section) occurring after Aug. 20, 1996, to the extent related to section 6048(b) of this title, applicable to taxable years of United States persons beginning after Dec. 31, 1995, and to the extent related to section 6048(c) of this title, applicable to distributions received after Aug. 20, 1996, see section 1901(d) of Pub. L. 104–188, set out as a note under section 6048 of this title.

#### EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103–322 effective on 60th day after date on which temporary regulations are prescribed under Pub. L. 103–322, Sec. 20415(c), see section 20415(d) of Pub. L. 103–322, set out as a note under section 6050I of this title.

#### EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103–66 applicable, except as otherwise provided, to discharges of indebtedness after Dec. 31, 1993, see

section 13252(d) of Pub. L. 103–66, set out as an Effective Date note under section 6050P of this title.

#### EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102–486 applicable to taxable years beginning after Dec. 31, 1992, see section 1933(c) of Pub. L. 102–486, set out as a note under section 6109 of this title.

#### EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 11212(e)(1) of Pub. L. 101–508 effective Dec. 1, 1990, see section 11212(f)(2) of Pub. L. 101–508, set out as a note under section 4081 of this title.

Amendment by section 11323(b)(2), (c)(2) of Pub. L. 101–508 applicable to acquisitions after Oct. 9, 1990, but not applicable to any acquisition pursuant to a written binding contract in effect on Oct. 9, 1990, and at all times thereafter before such acquisition, see section 11323(d) of Pub. L. 101–508, set out as a note under section 338 of this title.

#### EFFECTIVE DATE OF 1989 AMENDMENT

Amendment by section 7711(a) of Pub. L. 101–239 applicable to returns and statements the due date for which (determined without regard to extensions) is after Dec. 31, 1989, see section 7711(c) of Pub. L. 101–239, set out as a note under section 6721 of this title.

Amendment by sections 7811(c)(3) and 7813(a) of Pub. L. 101–239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100–647, to which such amendment relates, see section 7817

of Pub. L. 101–239, set out as a note under section 1 of this title.

#### EFFECTIVE DATE OF 1988 AMENDMENTS

Amendment by sections 1006(h)(3)(A) and 1015(a) of Pub. L. 100–647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99–514, to which such amendment relates, see section 1019(a) of Pub. L. 100–647, set out as a note under section 1 of this title.

Amendment by section 3001(b)(1), (2) of Pub. L. 100–647 effective Jan. 1, 1989, see section 3001(c) of Pub. L. 100–647, set out as a note under section 4093 of this title.

Amendment by Pub. L. 100–418 applicable to crude oil removed from the premises on or after Aug. 23, 1988, see section 1941(c) of Pub. L. 100–418, set out as a note under section 164 of this title.

#### EFFECTIVE DATE

Section applicable to returns the due date for which (determined without regard to extensions) is after Dec. 31, 1986, see section 1501(e) of Pub. L. 99–514, set out as a note under section 6721 of this title.

#### CONSTRUCTION OF 2002 AMENDMENT

Nothing in amendment by Pub. L. 107–210, other than provisions relating to COBRA continuation coverage and reporting requirements, to be construed as creating new mandate on any party regarding health insurance coverage, see section 203(f) of Pub. L. 107–210, set out as a note under section 2918 of Title 29, Labor.

#### PLAN AMENDMENTS NOT REQUIRED UNTIL JANUARY 1, 1998

For provisions directing that if any amendments made by subtitle D [Secs. 1401–1465] of title I of Pub. L. 104–188 require an amendment to any plan or annuity contract, such amendment shall not be required to be made before the first day of the first plan year beginning on or after Jan. 1, 1998, see section 1465 of Pub. L. 104–188, set out as a note under section 401 of this title.

–SECRET–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 904, 6652, 6693, 6721, 7434 of this title.

–End–

–CITE–

26 USC Subchapter C – Procedural Requirements 01/06/03

–EXPCITE–

#### TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

ASSESSABLE PENALTIES

Subchapter C – Procedural Requirements

–HEAD–

#### SUBCHAPTER C – PROCEDURAL REQUIREMENTS

–MISC1–

Sec.

6751. Procedural requirements.

–End–

–CITE–

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter C – Procedural Requirements

–HEAD–

Sec. 6751. Procedural requirements

–STATUTE–

(a) Computation of penalty included in notice

The Secretary shall include with each notice of penalty under this title information with respect to the name of the penalty, the section of this title under which the penalty is imposed, and a computation of the penalty.

(b) Approval of assessment

(1) In general

No penalty under this title shall be assessed unless the initial determination of such assessment is personally approved (in writing) by the immediate supervisor of the individual making such determination or such higher level official as the Secretary may designate.

(2) Exceptions

Paragraph (1) shall not apply to –

(A) any addition to tax under section 6651, 6654, or 6655; or

(B) any other penalty automatically calculated through

electronic means.

(c) Penalties

For purposes of this section, the term "penalty" includes any addition to tax or any additional amount.

–SOURCE–

(Added Pub. L. 105–206, title III, Sec. 3306(a), July 22, 1998, 112 Stat. 744.)

–MISC1–

EFFECTIVE DATE

Pub. L. 105–206, title III, Sec. 3306(c), July 22, 1998, 112 Stat. 744, as amended by Pub. L. 106–554, Sec. 1(a)(7) [title III, Sec. 302(b)], Dec. 21, 2000, 114 Stat. 2763, 2763A–632, provided that: "The amendments made by this section [enacting this subchapter] shall apply to notices issued, and penalties assessed, after June 30, 2001. In the case of any notice of penalty issued after June 30, 2001, and before July 1, 2003, the requirements of section 6751(a) of the Internal Revenue Code of 1986 shall be treated as met if such notice contains a telephone number at which the taxpayer can request a copy of the taxpayer's assessment and payment history with respect to such penalty."

–End–

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

ASSESSABLE PENALTIES

–HEAD–

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

–MISC1–

Subchapter Sec.(11)

A. Additions to the tax and additional amounts 6651

B. Assessable penalties 6671

C. Procedural requirements 6751

AMENDMENTS

1998 – Pub. L. 105–206, title III, Sec. 3306(b), July 22, 1998,

112 Stat. 744, added item for subchapter C.

–SECREf–

CHAPTER REFERRED TO IN OTHER SECTIONS

This chapter is referred to in sections 7463, 7801 of this title.

–FOOTNOTE–

(11) Section numbers editorially supplied.

–End–

–CITE–

26 USC Subchapter A – Additions to the Tax and Additional

Amounts 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter A – Additions to the Tax and Additional Amounts

–HEAD–

SUBCHAPTER A – ADDITIONS TO THE TAX AND ADDITIONAL AMOUNTS

–MISC1–

Part

I. General provisions.

II. Accuracy–related and fraud penalties.

III. Applicable rules.

AMENDMENTS

1989 – Pub. L. 101–239, title VII, Sec. 7721(c)(13), Dec. 19,

1989, 103 Stat. 2400, added part analysis consisting of parts I to

III.

–End–

–CITE–

26 USC PART I – GENERAL PROVISIONS 01/06/03

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND

ASSESSABLE PENALTIES

Subchapter A – Additions to the Tax and Additional Amounts

PART I – GENERAL PROVISIONS

–HEAD–

PART I – GENERAL PROVISIONS

–MISC1–

Sec.

6651. Failure to file tax return or pay tax.(!1)

6652. Failure to file certain information returns,  
registration statements, etc.

6653. Failure to pay stamp tax.

6654. Failure by individual to pay estimated income tax.

6655. Failure by corporation to pay estimated income tax.

6656. Failure to make deposit of taxes.

6657. Bad checks.

6658. Coordination with title 11.

[6659 to 6662. Repealed.]

#### AMENDMENTS

1996 – Pub. L. 104–188, title I, Sec. 1704(t)(19), Aug. 20, 1996,  
110 Stat. 1888, struck out item 6662 "Applicable rules".

1989 – Pub. L. 101–239, title VII, Secs. 7721(c)(13), (14),  
7742(b), Dec. 19, 1989, 103 Stat. 2400, 2405, added part heading,  
substituted "Failure to pay stamp tax" for "Additions to tax for  
negligence and fraud" in item 6653, substituted "of taxes" for "of  
taxes or over–statement of deposits" in item 6656, and struck out  
items 6659 "Addition to tax in the case of valuation overstatements  
for purposes of the income tax", 6659A "Addition to tax in case of  
overstatements of pension liabilities", 6660 "Addition to tax in  
the case of valuation understatement for purposes of estate or gift  
taxes", and 6661 "Substantial understatement of liability".

1986 – Pub. L. 99–514, title XI, Sec. 1138(b), title XV, Sec.  
1503(d)(2), Oct. 22, 1986, 100 Stat. 2486, 2743, substituted  
"Additions to tax for negligence and fraud" for "Failure to pay  
tax" in item 6653 and added item 6659A.

1984 – Pub. L. 98–369, div. A, title I, Sec. 155(c)(2)(B), July

18, 1984, 98 Stat. 695, added item 6660.

1982 – Pub. L. 97–248, title III, Sec. 323(b), Sept. 3, 1982, 96

Stat. 615, added item 6661 and redesignated former item 6660 as

6662. See Codification note set out under section 6662 of this

title.

1981 – Pub. L. 97–34, title VII, Secs. 722(a)(2), 724(b)(2), Aug.

13, 1981, 95 Stat. 342, 345, inserted "or overstatement of

deposits" in item 6656, added item 6659, and redesignated item 6659

as 6660.

1980 – Pub. L. 96–589, Sec. 6(e)(2), Dec. 24, 1980, 94 Stat.

3408, added item 6658.

1979 – Pub. L. 96–167, Sec. 6(b), Dec. 29, 1979, 93 Stat. 1276,

struck out item 6658 "Addition to tax in case of jeopardy".

1974 – Pub. L. 93–406, title II, Sec. 1031(b)(1)(B)(ii), Sept. 2,

1974, 88 Stat. 946, inserted ", registration statements, etc." in

item 6652.

1969 – Pub. L. 91–172, title IX, Sec. 943(c)(5), 83 Stat. 729,

inserted "or pay tax" in item 6651.

–SECRET–

#### SUBCHAPTER REFERRED TO IN OTHER SECTIONS

This subchapter is referred to in section 6229 of this title.

–FOOTNOTE–

(!1) So in original. Does not conform to section catchline.

–End–

–CITE–

–EXPCITE–

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter A – Additions to the Tax and Additional Amounts

PART I – GENERAL PROVISIONS

–HEAD–

Sec. 6651. Failure to file tax return or to pay tax

–STATUTE–

(a) Addition to the tax

In case of failure –

(1) to file any return required under authority of subchapter A of chapter 61 (other than part III thereof), subchapter A of chapter 51 (relating to distilled spirits, wines, and beer), or of subchapter A of chapter 52 (relating to tobacco, cigars, cigarettes, and cigarette papers and tubes), or of subchapter A of chapter 53 (relating to machine guns and certain other firearms), on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount required to be shown as tax on such return 5 percent of the amount of such tax if the failure is for not more than 1 month, with an additional 5 percent for each additional month or fraction

thereof during which such failure continues, not exceeding 25 percent in the aggregate;

(2) to pay the amount shown on tax on any return specified in paragraph (1) on or before the date prescribed for payment of such tax (determined with regard to any extension of time for payment), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount shown as tax on such return 0.5 percent of the amount of such tax if the failure is for not more than 1 month, with an additional 0.5 percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate; or

(3) to pay any amount in respect of any tax required to be shown on a return specified in paragraph (1) which is not so shown (including an assessment made pursuant to section 6213(b)) within 21 calendar days from the date of notice and demand therefor (10 business days if the amount for which such notice and demand is made equals or exceeds \$100,000), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be added to the amount of tax stated in such notice and demand 0.5 percent of the amount of such tax if the failure is for not more than 1 month, with an additional 0.5 percent for each additional month or fraction thereof during which such failure continues, not exceeding 25 percent in the aggregate.

In the case of a failure to file a return of tax imposed by chapter

1 within 60 days of the date prescribed for filing of such return (determined with regard to any extensions of time for filing), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, the addition to tax under paragraph (1) shall not be less than the lesser of \$100 or 100 percent of the amount required to be shown as tax on such return.

(b) Penalty imposed on net amount due

For purposes of –

(1) subsection (a)(1), the amount of tax required to be shown on the return shall be reduced by the amount of any part of the tax which is paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed on the return,

(2) subsection (a)(2), the amount of tax shown on the return shall, for purposes of computing the addition for any month, be reduced by the amount of any part of the tax which is paid on or before the beginning of such month and by the amount of any credit against the tax which may be claimed on the return, and

(3) subsection (a)(3), the amount of tax stated in the notice and demand shall, for the purpose of computing the addition for any month, be reduced by the amount of any part of the tax which is paid before the beginning of such month.

(c) Limitations and special rule

(1) Additions under more than one paragraph

With respect to any return, the amount of the addition under paragraph (1) of subsection (a) shall be reduced by the amount of

the addition under paragraph (2) of subsection (a) for any month (or fraction thereof) to which an addition to tax applies under both paragraphs (1) and (2). In any case described in the last sentence of subsection (a), the amount of the addition under paragraph (1) of subsection (a) shall not be reduced under the preceding sentence below the amount provided in such last sentence.

(2) Amounts of tax shown more than amount required to be shown

If the amount required to be shown as tax on a return is less than the amount shown as tax on such return, subsections (a)(2) and (b)(2) shall be applied by substituting such lower amount.

(d) Increase in penalty for failure to pay tax in certain cases

(1) In general

In the case of each month (or fraction thereof) beginning after the day described in paragraph (2) of this subsection, paragraphs (2) and (3) of subsection (a) shall be applied by substituting "1 percent" for "0.5 percent" each place it appears.

(2) Description

For purposes of paragraph (1), the day described in this paragraph is the earlier of –

(A) the day 10 days after the date on which notice is given under section 6331(d), or

(B) the day on which notice and demand for immediate payment is given under the last sentence of section 6331(a).

(e) Exception for estimated tax

This section shall not apply to any failure to pay any estimated

tax required to be paid by section 6654 or 6655.

(f) Increase in penalty for fraudulent failure to file

If any failure to file any return is fraudulent, paragraph (1) of subsection (a) shall be applied –

(1) by substituting "15 percent" for "5 percent" each place it appears, and

(2) by substituting "75 percent" for "25 percent".

(g) Treatment of returns prepared by Secretary under section 6020(b)

In the case of any return made by the Secretary under section 6020(b) –

(1) such return shall be disregarded for purposes of determining the amount of the addition under paragraph (1) of subsection (a), but

(2) such return shall be treated as the return filed by the taxpayer for purposes of determining the amount of the addition under paragraphs (2) and (3) of subsection (a).

(h) Limitation on penalty on individual's failure to pay for months during period of installment agreement

In the case of an individual who files a return of tax on or before the due date for the return (including extensions), paragraphs (2) and (3) of subsection (a) shall each be applied by substituting "0.25" for "0.5" each place it appears for purposes of determining the addition to tax for any month during which an installment agreement under section 6159 is in effect for the payment of such tax.

–SOURCE–

(Aug. 16, 1954, ch. 736, 68A Stat. 821; Pub. L. 90–364, title I, Sec. 103(e)(4), June 28, 1968, 82 Stat. 264; Pub. L. 91–172, title IX, Sec. 943(a), Dec. 30, 1969, 83 Stat. 727; Pub. L. 92–9, Sec. 3(j)(1), Apr. 1, 1971, 85 Stat. 22; Pub. L. 94–455, title XIX, Sec. 1904(b)(10)(A)(v), Oct. 4, 1976, 90 Stat. 1817; Pub. L. 97–248, title III, Sec. 318(a), (b), Sept. 3, 1982, 96 Stat. 610; Pub. L. 98–369, div. A, title IV, Sec. 412(b)(8), July 18, 1984, 98 Stat. 792; Pub. L. 99–514, title XV, Sec. 1502(a), (b), Oct. 22, 1986, 100 Stat. 2741; Pub. L. 100–203, title X, Sec. 10301(b)(6), Dec. 22, 1987, 101 Stat. 1330–429; Pub. L. 101–239, title VII, Sec. 7741(a), Dec. 19, 1989, 103 Stat. 2404; Pub. L. 104–168, title III, Sec. 303(b)(2), title XIII, Sec. 1301(a), July 30, 1996, 110 Stat. 1458, 1475; Pub. L. 105–206, title III, Sec. 3303(a), July 22, 1998, 112 Stat. 742.)

–MISC1–

AMENDMENTS

1998 – Subsec. (h). Pub. L. 105–206 added subsec. (h).

1996 – Subsec. (a)(3). Pub. L. 104–168, Sec. 303(b)(2), substituted "21 calendar days from the date of notice and demand therefor (10 business days if the amount for which such notice and demand is made equals or exceeds \$100,000)" for "10 days of the date of the notice and demand therefor".

Subsec. (g). Pub. L. 104–168, Sec. 1301(a), added subsec. (g).

1989 – Subsec. (f). Pub. L. 101–239 added subsec. (f).

1987 – Subsec. (e). Pub. L. 100–203 substituted "section 6654 or

6655" for "section 6154 or 6654".

1986 – Subsec. (c)(1). Pub. L. 99–514, Sec. 1502(b), amended par.

(1) generally, striking out the designation "(A)" before "With respect to", inserting "(or fraction thereof)", and striking out subpar. (B) which read as follows: "With respect to any return, the maximum amount of the addition permitted under paragraph (3) of subsection (a) shall be reduced by the amount of the addition under paragraph (1) of subsection (a) (determined without regard to the last sentence of such subsection) which is attributable to the tax for which the notice and demand is made and which is not paid within 10 days of notice and demand."

Subsecs. (d), (e). Pub. L. 99–514, Sec. 1502(a), added subsec.

(d) and redesignated former subsec. (d) as (e).

1984 – Subsec. (d). Pub. L. 98–369 in amending subsec. (d)

generally, substituted in heading "estimated tax" for "declarations of estimated tax", struck out provisions making section inapplicable to any failure to file a declaration of estimated tax required by section 6015 or to any failure to pay any estimated tax required to be paid by section 6153, and made section inapplicable to any failure to pay any estimated tax required to be paid by section 6654.

1982 – Subsec. (a). Pub. L. 97–248, Sec. 318(a), inserted

provision that, in the case of a failure to file a return of tax imposed by chapter 1 within 60 days of the date prescribed for filing of such return (determined with regard to any extensions of time for filing), unless it is shown that such failure is due to

reasonable cause and not due to willful neglect, the addition to tax under par. (1) shall not be less than the lesser of \$100 or 100 percent of the amount required to be shown as tax on such return.

Subsec. (c)(1)(A). Pub. L. 97-248, Sec. 318(b)(1), inserted provision that in any case described in last sentence of subsec.

(a), the amount of the addition under par. (1) of subsec. (a) shall not be reduced under first sentence of this subpar. below the amount provided in such last sentence.

Subsec. (c)(1)(B). Pub. L. 97-248, Sec. 318(b)(2), inserted "(determined without regard to the last sentence of such subsection)" after "paragraph (1) of subsection (a)".

1976 – Subsec. (e). Pub. L. 94-455 struck out subsec. (e) which related to certain interest equalization tax returns.

1971 – Subsec. (e). Pub. L. 92-9 added subsec. (e).

1969 – Subsec. (a). Pub. L. 91-172 designated existing provisions as par. (1) and added pars. (2) and (3).

Subsec. (b). Pub. L. 91-172 designated existing provisions as par. (1) and added pars. (2) and (3).

Subsecs. (c), (d). Pub. L. 91-172 added subsec. (c), redesignated former subsec. (c) as (d) and struck out reference to section 6016 of this title and provided that this section would not be applicable for failure to pay any estimated tax required under section 6153 or 6154 of this title.

1968 – Subsec. (c). Pub. L. 90-364 struck out reference to section 6016.

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105–206, title III, Sec. 3303(b), July 22, 1998, 112

Stat. 742, provided that: "The amendment made by this section [amending this section] shall apply for purposes of determining additions to the tax for months beginning after December 31, 1999."

#### EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 303(b)(2) of Pub. L. 104–168 applicable in case of any notice and demand given after Dec. 31, 1996, see section 303(c) of Pub. L. 104–168, set out as a note under section 6601 of this title.

Section 1301(b) of Pub. L. 104–168 provided that: "The amendment made by subsection (a) [amending this section] shall apply in the case of any return the due date for which (determined without regard to extensions) is after the date of the enactment of this Act [July 30, 1996]."

#### EFFECTIVE DATE OF 1989 AMENDMENT

Section 7741(b) of Pub. L. 101–239 provided that: "The amendment made by subsection (a) [amending this section] shall apply in the case of failures to file returns the due date for which (determined without regard to extensions) is after December 31, 1989."

#### EFFECTIVE DATE OF 1987 AMENDMENT

Amendment by Pub. L. 100–203 applicable to taxable years beginning after Dec. 31, 1987, see section 10301(c) of Pub. L. 100–203, set out as a note under section 585 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Section 1502(c) of Pub. L. 99–514 provided that:

"(1) Subsection (a). – The amendments made by subsection (a)

[amending this section] shall apply –

"(A) to failures to pay which begin after December 31, 1986,

and

"(B) to failures to pay which begin on or before December 31,

1986, if after December 31, 1986 –

"(i) notice (or renounce) under section 6331(d) of the

Internal Revenue Code of 1954 [now 1986] is given with respect

to such failure, or

"(ii) notice and demand for immediate payment of the

underpayment is made under the last sentence of section 6331(a)

of such Code.

In the case of a failure to pay described in subparagraph (B),

paragraph (2) of section 6651(d) of such Code (as added by

subsection (a)) shall be applied by taking into account the first

notice (or renounce) after December 31, 1986.

"(2) Subsection (b). – The amendment made by subsection (b)

[amending this section] shall apply to amounts assessed after

December 31, 1986, with respect to failures to pay which begin

before, on, or after such date."

#### EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369 applicable with respect to taxable

years beginning after Dec. 31, 1984, see section 414(a)(1) of Pub.

L. 98–369, set out as a note under section 6654 of this title.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Section 318(c) of Pub. L. 97–248 provided that: "The amendments

made by this section [amending this section] shall apply to returns

the due date for filing of which (including extensions) is after December 31, 1982."

#### EFFECTIVE DATE OF 1971 AMENDMENT

Section 3(j)(3) of Pub. L. 92-9 provided that: "The amendments made by this subsection [amending this section and section 6680 of this title] shall apply with respect to returns required to be filed on or after the date of the enactment of this Act [Apr. 1, 1971]."

#### EFFECTIVE DATE OF 1969 AMENDMENT

Section 943(d) of Pub. L. 91-172 provided that: "The amendments made by subsections (a) [amending this section] and (c) [amending sections 3121, 5684, and 6653 of this title] shall apply with respect to returns the date prescribed by law (without regard to any extension of time) for filing of which is after December 31, 1969, and with respect to notices and demands for payment of tax made after December 31, 1969. The amendment made by subsection (b) [amending section 6656 of this title] shall apply with respect to deposits the time for making of which is after December 31, 1969."

#### EFFECTIVE DATE OF 1968 AMENDMENT

Amendment by Pub. L. 90-364 applicable with respect to taxable years beginning after Dec. 31, 1967, except as provided by section 104 of Pub. L. 90-364, see section 103(f) of Pub. L. 90-364, set out as a note under section 243 of this title.

#### ILLEGAL TAX PROTESTER DESIGNATION

Pub. L. 105-206, title III, Sec. 3707, July 22, 1998, 112 Stat. 778, provided that:

"(a) Prohibition. – The officers and employees of the Internal Revenue Service –

"(1) shall not designate taxpayers as illegal tax protesters (or any similar designation); and

"(2) in the case of any such designation made on or before the date of the enactment of this Act [July 22, 1998] –

"(A) shall remove such designation from the individual master file; and

"(B) shall disregard any such designation not located in the individual master file.

"(b) Designation of Nonfilers Allowed. – An officer or employee of the Internal Revenue Service may designate any appropriate taxpayer as a nonfiler, but shall remove such designation once the taxpayer has filed income tax returns for 2 consecutive taxable years and paid all taxes shown on such returns.

"(c) Effective Date. – The provisions of this section shall take effect on the date of the enactment of this Act [July 22, 1998], except that the removal of any designation under subsection (a)(2)(A) shall not be required to begin before January 1, 1999."

–SECREP–

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 3121, 5684, 5761, 6013, 6404, 6601, 6658, 6665, 6751, 7518 of this title; title 30 section 932; title 46 App. section 1177.

–End–

–CITE–

~~–EXPCITE–~~

TITLE 26 – INTERNAL REVENUE CODE

Subtitle F – Procedure and Administration

CHAPTER 68 – ADDITIONS TO THE TAX, ADDITIONAL AMOUNTS, AND  
ASSESSABLE PENALTIES

Subchapter A – Additions to the Tax and Additional Amounts

PART I – GENERAL PROVISIONS

~~–HEAD–~~

Sec. 6652. Failure to file certain information returns,  
registration statements, etc.

~~–STATUTE–~~

(a) Returns with respect to certain payments aggregating less than  
\$10

In the case of each failure to file a statement of a payment to  
another person required under the authority of –

(1) section 6042(a)(2) (relating to payments of dividends  
aggregating less than \$10), or

(2) section 6044(a)(2) (relating to payments of patronage  
dividends aggregating less than \$10),

on the date prescribed therefor (determined with regard to any  
extension of time for filing), unless it is shown that such failure  
is due to reasonable cause and not to willful neglect, there shall  
be paid (upon notice and demand by the Secretary and in the same  
manner as tax) by the person failing to so file the statement, \$1  
for each such statement not so filed, but the total amount imposed

on the delinquent person for all such failures during the calendar year shall not exceed \$1,000.

(b) Failure to report tips

In the case of failure by an employee to report to his employer on the date and in the manner prescribed therefor any amount of tips required to be so reported by section 6053(a) which are wages (as defined in section 3121(a)) or which are compensation (as defined in section 3231(e)), unless it is shown that such failure is due to reasonable cause and not due to willful neglect, there shall be paid by the employee, in addition to the tax imposed by section 3101 or section 3201 (as the case may be) with respect to the amount of tips which he so failed to report, an amount equal to 50 percent of such tax.

(c) Returns by exempt organizations and by certain trusts

(1) Annual returns under section 6033 or 6012(a)(6)

(A) Penalty on organization

In the case of –

(i) a failure to file a return required under section 6033

(relating to returns by exempt organizations) or section 6012(a)(6) (relating to returns by political organizations)

on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), or

(ii) a failure to include any of the information required

to be shown on a return filed under section 6033 or section 6012(a)(6) or to show the correct information,

there shall be paid by the exempt organization \$20 for each day

during which such failure continues. The maximum penalty under this subparagraph on failures with respect to any 1 return shall not exceed the lesser of \$10,000 or 5 percent of the gross receipts of the organization for the year. In the case of an organization having gross receipts exceeding \$1,000,000 for any year, with respect to the return required under section 6033 or section 6012(a)(6) for such year, the first sentence of this subparagraph shall be applied by substituting "\$100" for "\$20" and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed \$50,000.

(B) Managers

(i) In general

The Secretary may make a written demand on any organization subject to penalty under subparagraph (A) specifying therein a reasonable future date by which the return shall be filed (or the information furnished) for purposes of this subparagraph.

(ii) Failure to comply with demand

If any person fails to comply with any demand under clause

(i) on or before the date specified in such demand, there shall be paid by the person failing to so comply \$10 for each day after the expiration of the time specified in such demand during which such failure continues. The maximum penalty imposed under this subparagraph on all persons for failures with respect to any 1 return shall not exceed \$5,000.

(C) Public inspection of annual returns and reports

In the case of a failure to comply with the requirements of section 6104(d) with respect to any annual return on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing) or report required under section 527(j), there shall be paid by the person failing to meet such requirements \$20 for each day during which such failure continues. The maximum penalty imposed under this subparagraph on all persons for failures with respect to any 1 return or report shall not exceed \$10,000.

(D) Public inspection of applications for exemption and notice of status

In the case of a failure to comply with the requirements of section 6104(d) with respect to any exempt status application materials (as defined in such section) or notice materials (as defined in such section) on the date and in the manner prescribed therefor, there shall be paid by the person failing to meet such requirements \$20 for each day during which such failure continues.

(2) Returns under section 6034 or 6043(b)

(A) Penalty on organization or trust

In the case of a failure to file a return required under section 6034 (relating to returns by certain trusts) or section 6043(b) (relating to terminations, etc., of exempt organizations), on the date and in the manner prescribed therefor (determined with regard to any extension of time for

filing), there shall be paid by the exempt organization or trust failing so to file \$10 for each day during which such failure continues, but the total amount imposed under this subparagraph on any organization or trust for failure to file any 1 return shall not exceed \$5,000.

(B) Managers

The Secretary may make written demand on an organization or trust failing to file under subparagraph (A) specifying therein a reasonable future date by which such filing shall be made for purposes of this subparagraph. If such filing is not made on or before such date, there shall be paid by the person failing so to file \$10 for each day after the expiration of the time specified in the written demand during which such failure continues, but the total amount imposed under this subparagraph on all persons for failure to file any 1 return shall not exceed \$5,000.

(3) Reasonable cause exception

No penalty shall be imposed under this subsection with respect to any failure if it is shown that such failure is due to reasonable cause.

(4) Other special rules

(A) Treatment as tax

Any penalty imposed under this subsection shall be paid on notice and demand of the Secretary and in the same manner as tax.

(B) Joint and several liability

If more than 1 person is liable under this subsection for any penalty with respect to any failure, all such persons shall be jointly and severally liable with respect to such failure.

(C) Person

For purposes of this subsection, the term "person" means any officer, director, trustee, employee, or other individual who is under a duty to perform the act in respect of which the violation occurs.

(d) Annual registration and other notification by pension plan

(1) Registration

In the case of any failure to file a registration statement required under section 6057(a) (relating to annual registration of certain plans) which includes all participants required to be included in such statement, on the date prescribed therefor (determined without regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing so to file, an amount equal to \$1 for each participant with respect to whom there is a failure to file, multiplied by the number of days during which such failure continues, but the total amount imposed under this paragraph on any person for any failure to file with respect to any plan year shall not exceed \$5,000.

(2) Notification of change of status

In the case of failure to file a notification required under section 6057(b) (relating to notification of change of status) on

the date prescribed therefor (determined without regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing so to file, \$1 for each day during which such failure continues, but the total amounts imposed under this paragraph on any person for failure to file any notification shall not exceed \$1,000.

(e) Information required in connection with certain plans of deferred compensation, etc.

In the case of failure to file a return or statement required under section 6058 (relating to information required in connection with certain plans of deferred compensation), 6047 (relating to information relating to certain trusts and annuity and bond purchase plans), or 6039D (relating to returns and records with respect to certain fringe benefit plans) on the date and in the manner prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing so to file, \$25 for each day during which such failure continues, but the total amount imposed under this subsection on any person for failure to file any return shall not exceed \$15,000. This subsection shall not apply to any return or statement which is an information return described in section 6724(d)(1)(C)(ii) or a payee statement described in section 6724(d)(2)(Y).

(f) Returns required under section 6039C

(1) In general

In the case of each failure to make a return required by section 6039C which contains the information required by such section on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause and not to willful neglect, the amount determined under paragraph (2) shall be paid (upon notice and demand by the Secretary and in the same manner as tax) by the person failing to make such return.

(2) Amount of penalty

For purposes of paragraph (1), the amount determined under this paragraph with respect to any failure shall be \$25 for each day during which such failure continues.

(3) Limitation

The amount determined under paragraph (2) with respect to any person for failing to meet the requirements of section 6039C for any calendar year shall not exceed the lesser of –

(A) \$25,000, or

(B) 5 percent of the aggregate of the fair market value of the United States real property interests owned by such person at any time during such year.

For purposes of the preceding sentence, fair market value shall be determined as of the end of the calendar year (or, in the case of any property disposed of during the calendar year, as of the date of such disposition).

(g) Information required in connection with deductible employee contributions

In the case of failure to make a report required by section 219(f)(4) which contains the information required by such section on the date prescribed therefor (determined with regard to any extension of time for filing), there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing so to file, an amount equal to \$25 for each participant with respect to whom there was a failure to file such information, multiplied by the number of years during which such failure continues, but the total amount imposed under this subsection on any person for failure to file shall not exceed \$10,000. No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.

(h) Failure to give notice to recipients of certain pension, etc., distributions

In the case of each failure to provide notice as required by section 3405(e)(10)(B), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such notice, an amount equal to \$10 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$5,000.

(i) Failure to give written explanation to recipients of certain

qualifying rollover distributions

In the case of each failure to provide a written explanation as required by section 402(f), at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such written explanation, an amount equal to \$100 for each such failure, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$50,000.

(j) Failure to file certification with respect to certain residential rental projects

In the case of each failure to provide a certification as required by section 142(d)(7) at the time prescribed therefor, unless it is shown that such failure is due to reasonable cause and not to willful neglect, there shall be paid, on notice and demand of the Secretary and in the same manner as tax, by the person failing to provide such certification, an amount equal to \$100 for each such failure.

(k) (!1) Failure to make reports required under section 1202

In the case of a failure to make a report required under section 1202(d)(1)(C) which contains the information required by such section on the date prescribed therefor (determined with regard to any extension of time for filing), there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing to make such report, an amount equal to \$50 for each report with respect to which there was such a failure. In the case

of any failure due to negligence or intentional disregard, the preceding sentence shall be applied by substituting "\$100" for "\$50". In the case of a report covering periods in 2 or more years, the penalty determined under preceding provisions of this subsection shall be multiplied by the number of such years. No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect.

(g742l) Failure to file return with respect to certain corporate transactions

In the case of any failure to make a return required under section 6043(c) containing the information required by such section on the date prescribed therefor (determined with regard to any extension of time for filing), unless it is shown that such failure is due to reasonable cause, there shall be paid (on notice and demand by the Secretary and in the same manner as tax) by the person failing to file such return, an amount equal to \$500 for each day during which such failure continues, but the total amount imposed under this subsection with respect to any return shall not exceed \$100,000.

(m) Alcohol and tobacco taxes

For penalties for failure to file certain information returns with respect to alcohol and tobacco taxes, see, generally, subtitle E.

—SOURCE—

(Aug. 16, 1954, ch. 736, 68A Stat. 821; Pub. L. 85–866, title I, Sec. 85, Sept. 2, 1958, 72 Stat. 1664; Pub. L. 87–834, Sec. 19(d),

Oct. 16, 1962, 76 Stat. 1057; Pub. L. 88–272, title II, Sec.  
221(b)(2), Feb. 26, 1964, 78 Stat. 74; Pub. L. 89–97, title III,  
Sec. 313(e)(2)(B), (3), July 30, 1965, 79 Stat. 385; Pub. L.  
89–212, Sec. 2(e), Sept. 29, 1965, 79 Stat. 859; Pub. L. 91–172,  
title I, Sec. 101(d)(4), Dec. 30, 1969, 83 Stat. 522; Pub. L.  
93–406, title II, Sec. 1031(b)(1)(A), (B)(i), Sept. 2, 1974, 88  
Stat. 945, 946; Pub. L. 94–455, title XII, Sec. 1207(e)(3)(B), (C),  
title XIX, Sec. 1906(b)(13)(A), Oct. 4, 1976, 90 Stat. 1708, 1834;  
Pub. L. 96–167, Sec. 7(b)(1), Dec. 29, 1979, 93 Stat. 1277; Pub. L.  
96–223, title I, Sec. 101(d)(2)(A), Apr. 2, 1980, 94 Stat. 251;  
Pub. L. 96–499, title XI, Sec. 1123(b), Dec. 5, 1980, 94 Stat.  
2689; Pub. L. 96–603, Sec. 1(d)(2), Dec. 28, 1980, 94 Stat. 3504;  
Pub. L. 97–34, title III, Sec. 311(f), title VII, Sec. 723(a)(1),  
(3), (4), Aug. 13, 1981, 95 Stat. 281, 343, 344; Pub. L. 97–248,  
title III, Secs. 309(b)(2), 315(a), (b), Sept. 3, 1982, 96 Stat.  
595, 605, 606; Pub. L. 97–448, title II, Sec. 201(i)(2), Jan. 12,  
1983, 96 Stat. 2395; Pub. L. 98–67, title I, Sec. 105(b)(1), Aug.  
5, 1983, 97 Stat. 380; Pub. L. 98–369, div. A, title I, Secs.  
145(b)(1), (2), 146(b)(1), (2), 148(b)(1), (2), 149(b)(1),  
155(b)(2)(A), title IV, Sec. 491(d)(50), title V, Sec.  
531(b)(4)(B), title VII, Sec. 714(j)(3), July 18, 1984, 98 Stat.  
685, 686, 688, 689, 693, 852, 882, 963; Pub. L. 98–397, title II,  
Sec. 207(b), Aug. 23, 1984, 98 Stat. 1450; Pub. L. 98–611, Sec.  
1(d)(2), Oct. 31, 1984, 98 Stat. 3177; Pub. L. 98–612, Sec.  
1(b)(2), Oct. 31, 1984, 98 Stat. 3181; Pub. L. 99–514, title XI,  
Sec. 1151(b), title XIII, Sec. 1301(g), title XV, Sec.

1501(d)(1)(A), title XVII, Sec. 1702(b), title XVIII, Secs. 1810(f)(9), 1811(c)(2), Oct. 22, 1986, 100 Stat. 2502, 2656, 2740, 2774, 2828, 2833; Pub. L. 100–203, title X, Secs. 10502(d)(11), 10704(a), Dec. 22, 1987, 101 Stat. 1330–444, 1330–461; Pub. L. 100–647, title I, Secs. 1011B(a)(10), 1017(b), 1018(u)(36), title III, Sec. 3021(a)(10), Nov. 10, 1988, 102 Stat. 3484, 3575, 3592, 3630; Pub. L. 101–140, title II, Sec. 203(a)(1), Nov. 8, 1989, 103 Stat. 830; Pub. L. 101–239, title VII, Secs. 7208(b)(2), 7841(d)(5), Dec. 19, 1989, 103 Stat. 2338, 2428; Pub. L. 102–318, title V, Sec. 522(b)(2)(F), July 3, 1992, 106 Stat. 314; Pub. L. 103–66, title XIII, Sec. 13113(c), Aug. 10, 1993, 107 Stat. 429; Pub. L. 104–168, title XIII, Secs. 1314(a), (b), July 30, 1996, 110 Stat. 1480; Pub. L. 104–188, title I, Secs. 1455(c), (d)(2), 1704(s), Aug. 20, 1996, 110 Stat. 1818, 1887; Pub. L. 105–34, title XII, Sec. 1281(a), (b), title XVI, Sec. 1602(d)(2)(B), Aug. 5, 1997, 111 Stat. 1037, 1094; Pub. L. 105–277, div. J, title I, Sec. 1004(b)(2)(B), (C), Oct. 21, 1998, 112 Stat. 2681–890; Pub. L. 106–230, Secs. 1(c), 2(c), 3(c), July 1, 2000, 114 Stat. 479, 482, 483.)

–COD–

#### CODIFICATION

Pub. L. 101–140, Sec. 203(a)(1), amended this section to read as if the amendments made by section 1151(b) of Pub. L. 99–514 (enacting subsec. (l)) had not been enacted. Subsequent to enactment by Pub. L. 99–514, subsec. (l) was amended by Pub. L. 100–203, Pub. L. 100–647, and Pub. L. 101–239. See 1989, 1988, and

1987 Amendment notes below.

–MISC1–

## AMENDMENTS

2000 – Subsec. (c)(1). Pub. L. 106–230, Sec. 3(c)(4), inserted "or 6012(a)(6)" after "section 6033" in heading.

Subsec. (c)(1)(A). Pub. L. 106–230, Sec. 3(c)(3), inserted "or section 6012(a)(6)" after "section 6033" in last sentence.

Subsec. (c)(1)(A)(i). Pub. L. 106–230, Sec. 3(c)(1), inserted "or section 6012(a)(6) (relating to returns by political organizations)" after "organizations)".

Subsec. (c)(1)(A)(ii). Pub. L. 106–230, Sec. 3(c)(2), inserted "or section 6012(a)(6)" after "section 6033".

Subsec. (c)(1)(C). Pub. L. 106–230, Sec. 2(c), in heading inserted "and reports" after "returns" and in text inserted "or report required under section 527(j)" after "filing)" and "or report" after "1 return".

Subsec. (c)(1)(D). Pub. L. 106–230, Sec. 1(c), in heading inserted "and notice of status" after "exemption" and in text inserted "or notice materials (as defined in such section)" after "section)".

1998 – Subsec. (c)(1)(C). Pub. L. 105–277, Sec. 1004(b)(2)(B), substituted "section 6104(d) with respect to any annual return" for "subsection (d) or (e)(1) of section 6104 (relating to public inspection of annual returns)".

Subsec. (c)(1)(D). Pub. L. 105–277, Sec. 1004(b)(2)(C), substituted "section 6104(d) with respect to any exempt status

application materials (as defined in such section)" for "section 6104(e)(2) (relating to public inspection of applications for exemption)".

1997 – Subsec. (e). Pub. L. 105–34, Sec. 1602(d)(2)(B), substituted "section 6724(d)(2)(Y)" for "section 6724(d)(2)(X)".

Subsec. (g). Pub. L. 105–34, Sec. 1281(a), inserted at end "No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect."

Subsec. (k). Pub. L. 105–34, Sec. 1281(b), inserted at end "No penalty shall be imposed under this subsection on any failure which is shown to be due to reasonable cause and not willful neglect."

1996 – Subsec. (c)(1)(A). Pub. L. 104–168 in concluding provisions, substituted "\$20" for "\$10" and "\$10,000" for "\$5,000" and inserted at end "In the case of an organization having gross receipts exceeding \$1,000,000 for any year, with respect to the return required under section 6033 for such year, the first sentence of this subparagraph shall be applied by substituting '\$100' for '\$20' and, in lieu of applying the second sentence of this subparagraph, the maximum penalty under this subparagraph shall not exceed \$50,000."

Subsec. (c)(1)(C). Pub. L. 104–188, Sec. 1704(s)(1), substituted "\$20" for "\$10" and "\$10,000" for "\$5,000".

Subsec. (c)(1)(D). Pub. L. 104–188, Sec. 1704(s)(2), substituted "\$20" for "\$10".

Subsec. (e). Pub. L. 104–188, Sec. 1455(d)(2), inserted at end "This subsection shall not apply to any return or statement which

is an information return described in section 6724(d)(1)(C)(ii) or a payee statement described in section 6724(d)(2)(X)."

Subsec. (i). Pub. L. 104–188, Sec. 1455(c), substituted "\$100" and "\$50,000" for "the \$10" and "\$5,000", respectively.

1993 – Subsec. (k). Pub. L. 103–66, which directed amendment of section by adding subsec. (k) before the last subsection, was executed by adding subsec. (k) after subsec. (j) to reflect the probable intent of Congress.

1992 – Subsec. (h). Pub. L. 102–318 substituted "3405(e)(10)(B)" for "3405(d)(10)(B)".

1989 – Subsec. (k). Pub. L. 101–239, Sec. 7841(d)(5)(B), redesignated the subsec. (k), relating to alcohol and tobacco taxes, as (l).

Pub. L. 101–239, Sec. 7841(d)(5)(A), redesignated the subsection relating to information with respect to includible employee benefits as (k), see Codification note above.

Pub. L. 101–140 amended this section to read as if amendments by Pub. L. 99–514, Sec. 1151(b), had not been enacted, see Codification note above and 1986 Amendment note below.

Subsec. (l). Pub. L. 101–239, Sec. 7208(b)(2), added subsec. (l) and redesignated former subsec. (l) as (m).

Pub. L. 101–239, Sec. 7841(d)(5)(B), redesignated subsec. (k), relating to alcohol and tobacco taxes, as (l).

Subsec. (m). Pub. L. 101–239, Sec. 7208(b)(2), redesignated subsec. (l) as (m).

1988 – Subsec. (j). Pub. L. 100–647, Sec. 1017(b), amended

subsec. (j) as it existed prior to its repeal by Pub. L. 100–203, Sec. 10502(d)(11), by inserting "(and the corresponding provision of section 4041(d)(1))" after "section 4041(a)(1)", see 1987 Amendment note below.

Subsec. (k)(2)(B). Pub. L. 100–647, Sec. 3021(a)(10), amended subpar. (B) generally. Prior to amendment, subpar. (B) read as follows: "the employer–provided benefit (within the meaning of section 89 without regard to subsection (g)(3) thereof) with respect to the employee to whom such failure relates." See Codification note above.

Pub. L. 100–647, Sec. 1011B(a)(10), substituted "subsection (g)(3)(C)(i)" for "subsection (g)(3)". See Codification note above.

Subsec. (k)(4). Pub. L. 100–647, Sec. 1018(u)(36), substituted "or part II of subchapter B of this chapter" for "or section 6678". See Codification note above.

1987 – Subsec. (c). Pub. L. 100–203, Sec. 10704(a), amended subsec. (c) generally, revising and restating as pars. (1) to (4) provisions of former pars. (1) to (3).

Subsec. (j). Pub. L. 100–203, Sec. 10502(d)(11), struck out subsec. (j), as added by section 1702(b) of Pub. L. 99–514, which related to failure to give written notice to certain sellers of